

KERR-ADDISON GOLD MINES LIMITED

1600 - 44 King Street West

Toronto 1, Ontario

OCT 15 1963

October 10, 1963

TO THE SHAREHOLDERS:

A General Meeting of the Shareholders of Kerr-Addison Gold Mines Limited (Kerr-Addison) is to be held on November 5, 1963 to consider and, if thought fit, to approve of the taking of certain action by Kerr-Addison to implement a Plan for combining the assets and undertaking of Kerr-Addison with those of Anglo-Huronian, Limited (Anglo-Huronian), Bouzan Mines Limited (Bouzan) and Prospectors Airways Company, Limited (Prospectors Airways). A notice calling the said General Meeting and an Information Booklet accompany this letter.

The Plan provides for the sale by Kerr-Addison to Prospectors Airways of certain of Kerr-Addison's mining rights and licences of occupation pertaining to lands in McGarry Township in the Larder Lake area of Ontario, followed by the statutory amalgamation of Kerr-Addison, Anglo-Huronian and Bouzan into an Amalgamated Company under The Corporations Act of Ontario and the subsequent sale to the Amalgamated Company of the undertaking and assets of Prospectors Airways (including the mining rights and licences of occupation aforesaid). Under the Plan Prospectors Airways will then distribute its assets and surrender its charter.

The Plan will result in distribution of shares of the Amalgamated Company (after cancellation of inter-company holdings) on the following basis:

- 1 share of the Amalgamated Company for each 1 Kerr-Addison share outstanding
- 8 shares of the Amalgamated Company for each 5 Anglo-Huronian shares outstanding
- 1 share of the Amalgamated Company for each 10 Bouzan shares outstanding
- 1 share of the Amalgamated Company for each 10 Prospectors Airways shares outstanding.

Your Directors believe that the Plan is fair and reasonable.

If you do not intend to be present at the meeting would you kindly complete and return your proxy. A form of proxy is enclosed appointing W. S. Row, President, or failing him, K. C. Gray, Executive Vice-President, or failing him, R. D. Stewart, Secretary. It is the intention of the persons named in this form of proxy to vote in favour of approval of the action required by Kerr-Addison in order to implement the Plan. Should you wish to appoint some other person as your proxy you may use the other form of proxy enclosed on which you should fill in the name of the person you desire to appoint.

On behalf of the Board,

W. S. Row,
President.

KERR-ADDISON GOLD MINES LIMITED

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that a General Meeting of the Shareholders of KERR-ADDISON GOLD MINES LIMITED (the Company) will be held in the MAYFAIR ROOM, KING EDWARD SHERATON HOTEL, TORONTO, CANADA, on TUESDAY, NOVEMBER 5, 1963, at the hour of 10:30 o'clock in the forenoon (Toronto Time) for the following purposes:

(1) To consider and, if thought fit, to approve and authorize the execution of an indenture (the Mining Rights Indenture) between the Company and Prospectors Airways Company, Limited (Prospectors Airways) whereby the Company will sell to Prospectors Airways certain mining rights and licences of occupation, the whole upon the terms and subject to the provisions set forth in the Mining Rights Indenture. A copy of the Mining Rights Indenture is attached as Exhibit A to the Information Booklet which accompanies this Notice and forms part hereof.

(2) To consider and, if thought fit, to approve and confirm the execution of and to adopt an agreement (the Amalgamation Agreement) providing for the amalgamation under The Corporations Act of Ontario of the Company, Anglo-Huronian, Limited (Anglo-Huronian) and Bouzan Mines Limited (Bouzan) under the name Kerr Addison Mines Limited (the Amalgamated Company), the whole upon the terms and subject to the provisions set forth in the Amalgamation Agreement. A copy of the Amalgamation Agreement is attached as Exhibit B to the Information Booklet.

(3) To consider and, if thought fit, to approve and authorize the execution of an agreement (the Prospectors Airways Sale Agreement) between the Company, Anglo-Huronian, Bouzan and Prospectors Airways providing for the entering into of an indenture between Prospectors Airways and the Amalgamated Company whereby the Amalgamated Company will purchase from Prospectors Airways all the undertaking, property and assets of Prospectors Airways, the whole upon the terms and subject to the provisions set forth in the said indenture. A copy of the Prospectors Airways Sale Agreement is attached to the Information Booklet as Exhibit C and a copy of the said indenture appears as Schedule A to said Exhibit C.

(4) To authorize the directors and/or the proper officers of the Company to do all acts and things and to execute or cause to be executed, whether under the corporate seal of the Company or otherwise, all such deeds, transfers, assignments, instruments, agreements and documents as in their opinion may be necessary or desirable to give effect to the foregoing and to carry out the provisions of the Mining Rights Indenture, the Amalgamation Agreement and the Prospectors Airways Sale Agreement.

(5) To transact such further and other business as may properly come before the meeting or any adjournment thereof.

The following directors of the Company, viz. John R. Bradfield, F. M. Connell, K. C. Gray, Harold H. Leather, W. S. Row and W. Dent Smith are interested in the agreements and indentures above mentioned in that they are directors and/or officers and/or shareholders and/or employees of one or more of Anglo-Huronian, Bouzan, Prospectors Airways and Noranda Mines, Limited as indicated in the Information Booklet under the heading "Interlocking Interests of Directors and Officers".

DATED this 10th day of October, 1963.

By order of the Board,

R. D. STEWART,
Secretary.

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INFORMATION BOOKLET

General Nature of the Plan

The Plan of combining the assets and undertakings of Kerr-Addison Gold Mines Limited (Kerr-Addison), Anglo-Huronian, Limited (Anglo-Huronian), Bouzan Mines Limited (Bouzan), and Prospectors Airways Company, Limited (Prospectors Airways) provides for the sale by Kerr-Addison to Prospectors Airways of certain of Kerr-Addison's mining rights and licences of occupation pertaining to lands upon which Kerr-Addison's mine in McGarry Township in the Larder Lake area of Ontario is located, followed by the statutory amalgamation of Kerr-Addison, Anglo-Huronian and Bouzan into an Amalgamated Company under The Corporations Act of Ontario and the subsequent sale to the Amalgamated Company of the undertaking and assets of Prospectors Airways (including the mining rights and licences of occupation aforesaid) for the consideration hereinafter set forth. Under the Plan Prospectors Airways will then distribute its assets and surrender its charter.

The Plan will result in the distribution of shares of the Amalgamated Company (after cancellation of inter-company holdings) on the following basis:

- 1 share of the Amalgamated Company for each 1 Kerr-Addison share outstanding
- 8 shares of the Amalgamated Company for each 5 Anglo-Huronian shares outstanding
- 1 share of the Amalgamated Company for each 10 Bouzan shares outstanding
- 1 share of the Amalgamated Company for each 10 Prospectors Airways shares outstanding.

Purpose of the Plan

The purpose of the Plan is to combine the four participating companies into one operating entity (the Amalgamated Company) which on completion of the Plan will have the largest gold mine in Canada, substantial interests in other revenue-producing mining companies, experienced management, a large and experienced exploration staff and liquid resources available for new exploration and investment opportunities.

The objective of each of the four companies has been to participate in the growth of the mining industry through exploration and investment. A successful programme of exploration requires a large and experienced organization, substantial resources, and the use of modern methods on a consistent basis over a period of years. Neither Bouzan nor Prospectors Airways has resources or earnings adequate to support such a programme. Anglo-Huronian cannot support such a programme out of earnings and maintain its present dividend policy. Moreover, from an exploration standpoint, Anglo-Huronian, Bouzan and Prospectors Airways are at a tax disadvantage because none of them has sufficient taxable income to absorb any substantial amount of exploration expense. Shares of Anglo-Huronian and Bouzan sell at substantial discounts from net liquid asset values. In the case of Prospectors Airways, continuation of the present extensive exploration programme financed out of capital would create considerable uncertainty as to the company's future. The Plan is designed to mitigate these weaknesses and add financial strength to Kerr-Addison.

Allocation of Shares of Amalgamated Company

The basis of allocation of shares in the Amalgamated Company was arrived at shortly after the end of June, 1963 by the management and approved by the directors of each of the participating companies on the basis of their judgment as to the relative values of the contributions to be made by each such company to the Amalgamated Company. In determining such relative values, the assets, exploration programmes, earnings, dividends, income tax status and market price of shares of each of the participating companies were taken into consideration.

Although its life is limited, the Kerr-Addison mine has the largest proven ore reserves of any gold mine in Canada and is an asset of very substantial value. The gross value of the gold content of remaining reserves approximates \$100,000,000, and these reserves are expected to produce substantial earnings over the next 10 years. In addition to its mine Kerr-Addison had net liquid assets equal to \$3.84 per share as at June 30, 1963. It also conducts a major programme of exploration. The market price of Kerr-Addison shares at the end of June, 1963 was \$6.75 per share.

Since the assets and earnings contributed by Kerr-Addison would comprise the largest contribution to the Amalgamated Company's assets and earnings, it was decided that the relative value of the shares of each of the other three participating companies would be determined in relation to Kerr-Addison shares and that shares in the Amalgamated Company would be distributed to Kerr-Addison shareholders on a one-for-one basis.

In the case of Anglo-Huronian the market price of its shares was \$8.15 per share at the end of June, 1963 and the net liquid asset value of its shares was \$13.44 per share as at June 30, 1963. Over the previous five fiscal years Anglo-Huronian had paid annual dividends of 50¢ per share out of earnings which averaged 65¢ per share per year. However, a large percentage of these earnings were derived from Kerr-Addison dividends, and future Anglo-Huronian earnings would follow closely the trend of Kerr-Addison dividends which had recently been reduced. After careful consideration, it was determined that 5 shares of Anglo-Huronian were equivalent in value to 8 shares of Kerr-Addison and that the allocation of Amalgamated Company shares should be made on this basis.

On this basis Anglo-Huronian shareholders would receive shares in the Amalgamated Company worth \$10.80 per Anglo-Huronian share based on the \$6.75 market price of Kerr-Addison shares. This was 33% above the market price and 20% below the net liquid asset value of Anglo-Huronian shares at the end of June, 1963. While Anglo-Huronian shareholders would have less net liquid assets per share than those attributable to their present holding they would have a larger and direct equity in the Kerr-Addison mine. Moreover, earnings attributable to the Amalgamated Company shares received by Anglo-Huronian shareholders would be larger than those attributable to their present Anglo-Huronian holdings.

In the case of Bouzan the market price of its shares was 47¢ per share at the end of June, 1963 and the net liquid asset value of its shares was 88¢ per share as at June 30, 1963. It had modest investment earnings and had never paid dividends. The prospects of finding ore at depth or elsewhere on Bouzan's mining property were unknown, but its liquid assets had to be maintained against the eventuality that an independent mining operation became justified. After careful consideration, it was determined that 10 shares of Bouzan were equivalent in value to one share of Kerr-Addison and that the allocation of Amalgamated Company shares should be made on this basis.

On this basis Bouzan shareholders would receive shares in the Amalgamated Company worth 67¢ per Bouzan share based on the \$6.75 market price of Kerr-Addison shares. This was 43% above the market price and 24% below the net liquid asset value of Bouzan shares at the end of June, 1963. While Bouzan shareholders would have less net liquid assets per share than those attributable to their present holding they would have an equity in the Kerr-Addison mine. Moreover, earnings attributable to the Amalgamated Company shares received by Bouzan shareholders would be larger than those attributable to their present Bouzan holdings.

In the case of Prospectors Airways the market price of its shares was 77¢ per share at the end of June, 1963 and the net liquid asset value of its shares was 43¢ per share as at June 30, 1963. Its expenditures in conducting an active exploration programme were almost entirely financed out of capital. It had never paid dividends. There was a potential tax saving of approximately \$625,000 from unused exploration expenses. Prospectors Airways itself could not take advantage of this saving since it had no taxable income but the Amalgamated Company should be able to do so. After careful consideration, it was determined that 10 shares of Prospectors Airways were equivalent in value to one share of Kerr-Addison and that the allocation of Amalgamated Company shares should be made on this basis.

On this basis Prospectors Airways shareholders would receive shares in the Amalgamated Company worth 67¢ per Prospectors Airways share based on the \$6.75 market price of Kerr-Addison shares. This was 13% less than the market price but 56% more than the net liquid asset value (excluding the potential tax saving) of Prospectors Airways shares at the end of June, 1963. In addition to more net liquid assets per share than those attributable to their present holding, Prospectors Airways shareholders would have an equity in the Kerr-Addison mine. Moreover, they would be shareholders of what is expected to be a profitable, dividend-paying company.

In assessing the effect on Kerr-Addison shareholders of issuing Amalgamated Company shares on the foregoing basis, their equity in the mine would be reduced and earnings per share would be somewhat lower. On the other hand the Amalgamated Company would have net liquid assets of approximately \$37,900,000 or \$5.40 per share, an increase of \$1.56 per share above the net liquid assets applicable to Kerr-Addison shares. It was expected that the initial market price of Amalgamated Company shares would closely approximate that of Kerr-Addison shares.

In combining companies such as those involved in the Plan, a mathematical evaluation of all the factors was not possible. However, the proposed allocation of shares of the Amalgamated Company reflects the best judgment of the management of each of the participating companies as to their relative values, and the board of directors of each participating company believes that this basis is fair and reasonable.

Market prices of shares of the participating companies used above were closing bid prices on the Toronto Stock Exchange on June 28, 1963, the last trading day in June. Net liquid asset values used above were calculated as shown in the following table.

Net Liquid Asset Values as at June 30, 1963

(000's omitted)

	Kerr- Addison	Anglo- Huronian	Bouzan	Prospectors Airways	Amalgamated Company	%
Short term notes (Note 2).....	\$ 1,733	\$ 1,634	\$1,215	\$ 477	\$ 5,059	13%
Government & Corporation Bonds (Note 1).....	4,533	650	90	1	5,274	14
Preferred Shares (Note 1).....	412	286	—	—	698	2
Common Shares: (Note 1)						
Banks.....	789	229	—	—	1,018	3
Industrial Companies.....	1,487	48	—	—	1,535	4
Mining Companies.....	7,346	10,076	2,574	1,014	21,010	55
Oil & Gas Companies.....	774	40	148	—	962	3
Miscellaneous.....	—	—	67	—	67	—
Other liquid assets less all liabilities (Note 2).....	1,088	(320)	9	(16)	761	2
Receivable from The Patino Mining Corporation (Note 3).....	—	—	1,518	—	1,518	4
To be acquired by Amalgamated Company.....	\$18,162	\$12,643	\$5,621	\$1,476	\$37,902	100%
Add: Inter-company holdings (which will be cancelled through implemen- tation of the Plan) (Note 1).....	—	7,512	82	—		
	<u>\$18,162</u>	<u>\$20,155</u>	<u>\$5,703</u>	<u>\$1,476</u>		
Per Share.....	<u>\$ 3.84</u>	<u>\$ 13.44</u>	<u>88¢</u>	<u>43¢</u>	<u>\$ 5.40</u>	

NOTES:

1. Bonds and shares (including inter-company share holdings and all shares whether escrowed or not of Joutel Copper Mines Limited) are valued at market prices.
2. Short term notes and other liquid assets in which are included supplies and prepaid items are valued at cost.
3. The receivable from The Patino Mining Corporation (payable in six equal annual instalments commencing December 31, 1963) is discounted at 6%.

Steps Required to Carry Out the Plan

To carry out the Plan the following steps are necessary:

- (a) Kerr-Addison will sell to Prospectors Airways certain mining rights and licences of occupation pertaining to lands located in McGarry Township in the Larder Lake area of Ontario including the right to take and remove minerals therefrom. The purchase price to be paid by Prospectors Airways is \$1,245,992, being the amount at which such assets are carried on the books of Kerr-Addison, and is to be satisfied by Prospectors Airways giving to Kerr-Addison a promissory note in that amount, bearing interest at the rate of 6½% per annum and payable on demand. The Indenture to carry out this sale is set out as Exhibit A to this Information Booklet. This Indenture provides that unless on or before January 1, 1964 (i) Kerr-Addison, Anglo-Huronian and Bouzan have amalgamated substantially upon and subject to the terms and conditions set forth in an Amalgamation Agreement between the said companies in the form set out in Exhibit B to this Information Booklet, and (ii) the Amalgamated Company has acquired the undertaking, property and assets of Prospectors Airways substantially upon and subject to the terms and conditions set forth in an Indenture between Prospectors Airways and the Amalgamated Company in the form set out in Schedule A to Exhibit C to this Information Booklet, Prospectors Airways shall forthwith on demand of Kerr-Addison sell to Kerr-Addison the mining rights and licences of occupation to be acquired by Prospectors Airways by virtue of such Indenture at and for the sum of \$1,245,992.
- (b) Following the said sale to Prospectors Airways, Kerr-Addison, Anglo-Huronian and Bouzan will apply for Letters Patent of Amalgamation under The Corporations Act of Ontario to effect their amalgamation under the name Kerr Addison Mines Limited. Each of the amalgamating companies will contribute to the Amalgamated Company all its property, undertaking and assets and the Amalgamated Company will assume all the debts, liabilities and obligations of each of the amalgamating companies. By virtue of the amalgamation the shares of each of Kerr-Addison,

Anglo-Huronian and Bouzan will be converted into shares of the Amalgamated Company on the basis set out above under the heading General Nature of the Plan and as more particularly described below under the heading Capital Stock Position of Amalgamated Company.

- (c) Subsequent to the amalgamation, the Amalgamated Company will purchase all of the property, undertaking and assets of Prospectors Airways in consideration of (i) the allotment and issue by the Amalgamated Company to Prospectors Airways of 185,200 fully paid and non-assessable shares without par value of the Amalgamated Company (being that number of shares which is equal in number to one-tenth of the number of shares in the capital stock of Prospectors Airways now issued and outstanding, other than the 1,568,000 shares in the capital stock of Prospectors Airways which will be held by the Amalgamated Company by virtue of the amalgamation aforesaid) and (ii) the undertaking of the Amalgamated Company to allot and issue to Prospectors Airways on the demand of Prospectors Airways 156,800 fully paid and non-assessable shares without par value of the Amalgamated Company (being that number of shares which is equal in number to one-tenth of the aforesaid 1,568,000 shares in the capital stock of Prospectors Airways which will be held by the Amalgamated Company by virtue of the amalgamation aforesaid) and (iii) the undertaking of the Amalgamated Company to assume and fully discharge and to indemnify and save Prospectors Airways harmless from all debts, obligations and liabilities (absolute or contingent) of Prospectors Airways.
- (d) Prospectors Airways will then distribute its assets among its shareholders and make application to the Secretary of State of Canada for leave to surrender its charter. On the distribution of the assets of Prospectors Airways among its shareholders no shares of the Amalgamated Company will be distributed to the Amalgamated Company but its undertaking referred to in paragraph (c) (ii) above will be surrendered to the Amalgamated Company for cancellation. The result will therefore be that the total number of shares of the Amalgamated Company allotted and issued to Prospectors Airways will be 185,200 shares.

Capital Stock Position of Amalgamated Company

The authorized capital of the Amalgamated Company will be 10,000,000 shares without par value.

On completion of the Plan the issued capital stock position of the Amalgamated Company will be as follows:

	<u>Shares in Amalgamated Company</u>	
Issued and outstanding in the hands of shareholders of Kerr-Addison on a one for one basis		
(i) With 4,730,302 Kerr-Addison shares outstanding, the number of shares issuable to Kerr-Addison shareholders would be.....	4,730,302	
(ii) Less 930,500 shares of Kerr-Addison held by Anglo-Huronian which will be cancelled in the course of amalgamation, equivalent to.....	<u>930,500</u>	3,799,802
Issued and outstanding in the hands of shareholders of Anglo-Huronian on an eight for five basis		
(i) With 1,500,000 Anglo-Huronian shares outstanding, the number of shares issuable to Anglo-Huronian shareholders would be.....	2,400,000	
(ii) Less 10,000 shares of Anglo-Huronian held by Bouzan which will be cancelled in the course of amalgamation, equivalent to.....	<u>16,000</u>	2,384,000
Issued and outstanding in the hands of shareholders of Bouzan on a one for ten basis		
(i) With 6,500,000 Bouzan shares outstanding, the number of shares issuable to Bouzan shareholders would be.....	650,000	
(ii) Less 51,000 shares of Bouzan held by Anglo-Huronian which will be cancelled in the course of amalgamation, equivalent to.....	<u>5,100</u>	644,900
Issued to Prospectors Airways and distributed to its shareholders (other than the Amalgamated Company) on a one for ten basis		
(i) Shares issuable on a one for ten basis to Prospectors Airways based on 3,420,000 outstanding shares of Prospectors Airways.....	342,000	
(ii) Less the equivalent of 1,568,000 Prospectors Airways shares which will be owned by the Amalgamated Company.....	<u>156,800</u>	185,200
Total number of Amalgamated Company shares issued.....		<u><u>7,013,902</u></u>

The inter-company shareholdings at the present time are as shown herein. Each of the companies participating in the Plan has agreed that it will not, pending completion of the Plan, buy or sell any shares of any of the other participating companies.

Procedure

KERR-ADDISON

The shareholders of Kerr-Addison will hold a general meeting on November 5, 1963 for the following purposes:

(i) To consider and, if thought fit, to approve and authorize the execution of the Indenture between Kerr-Addison and Prospectors Airways (Mining Rights Indenture) set out in Exhibit A hereto providing for the sale of certain of Kerr-Addison's mining rights and licences of occupation pertaining to lands in McGarry Township in the Larder Lake area of Ontario;

(ii) To consider and, if thought fit, to confirm the execution of and to adopt the Amalgamation Agreement set out in Exhibit B hereto providing for the statutory amalgamation of Kerr-Addison, Anglo-Huronian and Bouzan; and

(iii) To consider and, if thought fit, to approve and authorize the execution of the sale agreement between Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways (Prospectors Airways Sale Agreement) set out in Exhibit C hereto, providing for the entering into of an indenture between Prospectors Airways and the Amalgamated Company for the purchase by the Amalgamated Company of all of the undertaking, property and assets of Prospectors Airways, said indenture being set out in Schedule A annexed to Exhibit C hereto.

ANGLO-HURONIAN

The shareholders of Anglo-Huronian will hold a general meeting on November 5, 1963 for the following purposes:

(i) To consider and, if thought fit, to confirm the execution of and to adopt the Amalgamation Agreement; and

(ii) To consider and, if thought fit, to approve and authorize the execution of the Prospectors Airways Sale Agreement.

BOUZAN

The shareholders of Bouzan will hold a general meeting on November 6, 1963 for the following purposes:

(i) To consider and, if thought fit, to confirm the execution of and to adopt the Amalgamation Agreement; and

(ii) To consider and, if thought fit, to approve and authorize the execution of the Prospectors Airways Sale Agreement.

PROSPECTORS AIRWAYS

The shareholders of Prospectors Airways will hold a special general meeting on November 6, 1963 for the following purposes:

(i) To consider and, if thought fit, to approve and authorize the execution of the Mining Rights Indenture;

(ii) To consider and, if thought fit, to approve and authorize the execution of the Prospectors Airways Sale Agreement; and

(iii) To consider and, if thought fit, to authorize distribution of the assets of Prospectors Airways among its shareholders and to authorize the taking of all necessary proceedings for the surrender of its charter after the making of such distribution.

The Plan will be carried into effect only if the shareholders of each of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways approve of all corporate action to be taken as specified above.

The resolution of Kerr-Addison approving and authorizing the execution of the Mining Rights Indenture must be passed by at least two-thirds of the votes cast at the general meeting of the shareholders of Kerr-Addison. The resolutions of Prospectors Airways approving and authorizing the execution of the Mining Rights Indenture and authorizing the distribution of its assets among its shareholders and the subsequent surrender of its charter must be passed by a majority of the votes cast at the special general meeting of the shareholders of Prospectors Airways. The Amalgamation Agreement must be adopted by at least two-thirds of the votes cast at the general meeting of the shareholders of each of Kerr-Addison, Anglo-Huronian and Bouzan, and must thereafter be confirmed by Letters Patent of Amalgamation issued pursuant to The

Corporations Act of Ontario. The resolution to approve and authorize execution of the Prospectors Airways Sale Agreement must be passed by a majority of the votes cast at the respective meetings of shareholders of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways.

Companies Participating in the Plan

KERR-ADDISON GOLD MINES LIMITED

Kerr-Addison was incorporated under the laws of Ontario in 1936 and has an authorized capital consisting of 5,000,000 shares with a par value of \$1 each of which there are issued and outstanding 4,730,302 shares.

Kerr-Addison operates Canada's largest gold mine which is located in McGarry Township in the Larder Lake area of Ontario. Proven ore reserves at the end of 1962, after allowing for dilution, were estimated at 6,817,143 tons averaging 0.4114 ounces of gold per ton.

Kerr-Addison's milling operations commenced in 1938 and reached a high of 4,556 tons per day in 1960. Due to a shrinkage in the volume of ore at depth and the failure to find additional ore on lower levels, the daily production in 1962 decreased to approximately 3,400 tons. Average daily tonnage milled during the first half of 1963 was 2,904 tons and it is anticipated that the average daily tonnage for the full 1963 year will be approximately 2,500 tons. It is estimated that with present proven ore reserves the mine has a life expectancy of approximately 10 years. It is expected that the daily tonnage will decline to about 1,600 tons by 1966, remain at that level for 5 or 6 years and thereafter decline further. It is estimated that the grade of ore mined for 1963 will be 0.321 ounce per ton and will show modest improvement over the next 2 years after which it will become appreciably better for approximately 6 years.

Kerr-Addison has been carrying out an extensive outside exploration programme. As a result it holds a number of mining claims and participations in exploration syndicates. Joint exploration with Prospectors Airways resulted in a copper discovery which was sold to Joutel Copper Mines Limited in late 1961. Kerr-Addison presently holds a share interest of approximately 36% in Joutel Copper Mines Limited as to which reference is made to page 7 of this Information Booklet.

Kerr-Addison's balance sheet as at June 30, 1963 and statement of earnings for the five years and the six months ended on that date along with the accompanying reports of Kerr-Addison's auditors are set out on pages 14 and 15 of this Information Booklet.

From 1951 to 1962 inclusive, Kerr-Addison's quarterly dividend rate was 20¢ per share. During 1963, Kerr-Addison has paid three quarterly dividends of 12¢ each.

From January 1, 1959 to June 30, 1963 the market price of Kerr-Addison shares ranged from a low of \$6.40 to a high of \$22.62 as follows:

	High	Low
1963 (to June 30).....	\$ 7.45	\$ 6.45
1962.....	10.12	6.40
1961.....	13.75	8.25
1960.....	22.62	10.50
1959.....	21.50	18.25

ANGLO-HURONIAN, LIMITED

Anglo-Huronian was incorporated under the laws of Ontario in 1933 and has an authorized capital consisting of 2,000,000 shares without par value of which there are issued and outstanding 1,500,000 shares.

Anglo-Huronian is engaged in mining development and exploration and holds substantial interests in other mining companies. Anglo-Huronian presently holds a share interest of approximately 8% in Joutel Copper Mines Limited as to which reference is made to page 7 of this Information Booklet. Anglo-Huronian also holds 1,568,000 shares of Prospectors Airways, 930,500 shares of Kerr-Addison and 51,000 shares of Bouzan which will be cancelled in the course of implementing the Plan.

Anglo-Huronian's balance sheet as at June 30, 1963 and statement of earnings for the five years and the eleven months ended on that date along with the accompanying reports of Anglo-Huronian's auditors are set out on pages 16 and 17 of this Information Booklet.

Since 1951 Anglo-Huronian's dividend rate has been 50¢ per share per annum.

From January 1, 1959 to June 30, 1963 the market price of Anglo-Huronian shares ranged from a low of \$6.50 to a high of \$14.00 as follows:

	<u>High</u>	<u>Low</u>
1963 (to June 30).....	\$ 8.25	\$ 7.15
1962.....	10.25	7.00
1961.....	10.00	7.10
1960.....	13.12	6.50
1959.....	14.00	10.62

BOUZAN MINES LIMITED

Bouzan was incorporated under the laws of Ontario in 1945 and has an authorized capital consisting of 7,500,000 shares with a par value of \$1 each of which there are issued and outstanding 6,500,000 shares.

Prior to 1962, Bouzan owned a 272 acre patented property in McKenzie Township in the Chibougamau area of the Province of Quebec. During 1960 and 1961 The Patino Mining Corporation (Patino), then known as Copper Rand Chibougamau Mines Ltd., carried out underground work on Bouzan's property in conjunction with Patino's workings on its adjoining property. As a result of this work Patino, in 1962, purchased a block of 73.5 acres in area of the Bouzan property to a depth of 1,770 feet. The purchase price payable by Patino is \$1,800,000 payable without interest in six equal annual instalments commencing December 31, 1963. The ownership of the remainder of the property was retained by Bouzan. The property purchased by Patino contained all ore indicated to the time of purchase which was 1,175,000 tons of ore averaging 2.92% copper. Since then no further surface examination or diamond drilling of the property retained by Bouzan has been undertaken. Depth exploration cannot be carried out for or by Bouzan until Patino has opened levels below 1,770 feet and is in a position to test the deeper horizons. The possibilities of finding ore at depth are unknown.

At June 30, 1963 Bouzan had deferred prospecting, exploration and development expenses in the amount of approximately \$600,000 which had not been written off against income for tax purposes. Under the present provisions of the Income Tax Act of Canada these expenses would be available to the Amalgamated Company for write-off against its income, if any, from Bouzan's present mining property but will not be available to the Amalgamated Company for write-off against income from any other source.

Bouzan's balance sheet as at June 30, 1963 and statement of earnings for the five years and six months ended on that date along with the accompanying reports of Bouzan's auditors are set out on pages 18 and 19 of this Information Booklet.

Bouzan has never paid any dividends.

From January 1, 1959 to June 30, 1963 the market price of Bouzan shares ranged from a low of 33¢ to a high of 79¢ as follows:

	<u>High</u>	<u>Low</u>
1963 (to June 30).....	51¢	40¢
1962.....	59¢	37¢
1961.....	69¢	39¢
1960.....	65¢	33¢
1959.....	79¢	45¢

PROSPECTORS AIRWAYS COMPANY, LIMITED

Prospectors Airways was incorporated under the laws of Canada in 1931 and has an authorized capital stock of 5,000,000 shares without nominal or par value of which there are issued and outstanding 3,420,000 shares.

Prospectors Airways has been active in mineral exploration and holds a number of mining claims. During 1962 it spent \$214,672 in carrying out its exploration programme. These expenditures were made in Canada and Chile. Work in Chile has recently been discontinued.

A substantial portion of Prospectors Airways' assets is shares of Joutel Copper Mines Limited (Joutel). Joutel was incorporated in 1961 for the purpose of acquiring certain mining claims located in Joutel Township, in the Province of Quebec. Preliminary diamond drilling to a depth of 650 feet indicated approximately 1,100,000 tons of ore grading 2.3% copper. A 3-compartment shaft has been sunk to a depth of 1,075 feet, approximately 2,000 feet of drifting has been completed and underground drilling on the 575 and 1,025-foot levels is under way.

If the Plan is implemented, Joutel will become a subsidiary of the Amalgamated Company. The present shareholdings of Kerr-Addison, Anglo-Huronian and Prospectors Airways in Joutel are 1,149,837, 245,840 and 677,392 shares respectively. These shares will be owned by the Amalgamated Company and will represent a 64% interest in Joutel.

At June 30, 1963, Prospectors Airways had deferred prospecting, exploration and development expenses in the amount of approximately \$2,000,000 which had not been written off against income for tax purposes. The companies participating in the Plan understand that, under the present provisions of the Income Tax Act of Canada, these expenses would be available to the Amalgamated Company as a deduction from income from mines located on properties (including that to be acquired by Prospectors Airways from Kerr-Addison under the Mining Rights Indenture) from which Prospectors Airways had the right to take or remove minerals, and which are acquired by the Amalgamated Company pursuant to the Prospectors Airways Sale Agreement.

Prospectors Airways' balance sheet as at June 30, 1963 and statement of earnings for the five years and the six months ended on that date along with the accompanying reports of Prospectors Airways' auditors are set out on pages 20 and 21 of this Information Booklet.

Prospectors Airways has never paid any dividends.

From January 1, 1959 to June 30, 1963 the market price of Prospectors Airways shares ranged from a low of \$0.35 to a high of \$2.05 as follows:

	High	Low
1963 (to June 30).....	\$1.48	\$0.73
1962.....	1.24	0.46
1961.....	1.39	0.72
1960.....	2.05	0.35
1959.....	1.10	0.55

Interest of Noranda Mines, Limited and Subsidiary and Associated Companies

The following table indicates the percentage interest of Noranda Mines, Limited (Noranda) held either directly or through subsidiary and associated companies as at September 30, 1963 in the share capital of each of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways, and the percentage interest that Noranda would hold in the share capital of the Amalgamated Company if the Plan is implemented:

	Kerr- Addison	Anglo- Huronian	Bouzan	Prospectors Airways	Amalgamated Company
Percentage of shares held by:					
Noranda directly.....	14%	37%	35%	2%	26%
Subsidiary and associated companies.....	22	37	9	46	15
Total.....	<u>36%</u>	<u>74%</u>	<u>44%</u>	<u>48%</u>	<u>41%</u>
Beneficial interest of Noranda*.....	<u>27%</u>	<u>60%</u>	<u>40%</u>	<u>29%</u>	<u>34%</u>

*Calculated by adding to its direct interest Noranda's percentage equity in the shares held by subsidiary and associated companies.

Noranda has made an offer to purchase assets of The Mining Corporation of Canada, Limited, an associated company. If this purchase is completed, the percentage interests shown above would be changed to the following:

	Kerr- Addison	Anglo- Huronian	Bouzan	Prospectors Airways	Amalgamated Company
Percentage of shares held by:					
Noranda directly.....	17%	41%	37%	2%	29%
Subsidiary and associated companies.....	19	33	7	46	12
Total.....	<u>36%</u>	<u>74%</u>	<u>44%</u>	<u>48%</u>	<u>41%</u>
Beneficial interest of Noranda*.....	<u>29%</u>	<u>62%</u>	<u>42%</u>	<u>30%</u>	<u>37%</u>

The foregoing tables have been furnished by the management of Noranda.

Interlocking Interests of Directors and Officers

The following table indicates the interest of each director and officer of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways in those companies and in Noranda.

<u>Name</u>	<u>Kerr-Addison</u>	<u>Anglo-Huronian</u>	<u>Bouzan</u>	<u>Prospectors Airways</u>	<u>Noranda</u>
B. C. BONE	{ Shareholder Treasurer	Treasurer	Shareholder	{ Shareholder Treasurer	—
JOHN R. BRADFIELD	{ Shareholder Director	{ Shareholder Director	—	Shareholder	{ Shareholder Director Chairman of the Board President
F. M. CONNELL	{ Shareholder Director	—	—	Shareholder	{ Shareholder Director
E. K. CORK	—	—	Treasurer	Shareholder	{ Shareholder Assistant Treasurer
K. A. DAVIS	—	—	{ Shareholder Director	—	—
M. S. FOTHERINGHAM	{ Shareholder Director	—	—	—	—
K. C. GRAY	{ Shareholder Director Executive Vice-President	—	—	Shareholder	Shareholder
J. O. HINDS	—	{ Shareholder Director	Assistant Secretary	—	Assistant Secretary
H. E. LANGFORD	—	{ Shareholder Director	—	—	Shareholder
HAROLD H. LEATHER	{ Shareholder Director	—	—	—	Shareholder
J. M. MACINTOSH	—	—	{ Shareholder Director	—	—
S. P. OGRYZLO	—	—	Shareholder	{ Shareholder Director	—
R. V. PORRITT	—	{ Shareholder Director President	{ Shareholder Director President Managing-Director	{ Shareholder Director Vice-President	{ Shareholder Director Executive Vice-President
J. M. POWELSON	—	—	—	{ Shareholder Director	—
PETER PRICE	—	—	—	{ Shareholder Director Consulting Geologist	Chief Geologist
W. HAROLD REA	{ Shareholder Director	—	—	—	—
R. P. RIGGIN	—	{ Shareholder Director	—	—	Director of Corporate Relations
W. S. ROW	{ Shareholder Director President	{ Shareholder Director Vice-President Managing-Director	{ Shareholder Director Vice-President	{ Shareholder Director President	{ Shareholder Director Vice-President
J. B. SAGE	Assistant Secretary	Assistant Secretary	Shareholder	Assistant Secretary	—
W. DENT SMITH	{ Shareholder Director	—	—	—	Shareholder
R. D. STEWART	Secretary	Secretary	—	{ Shareholder Secretary	—
N. C. URQUHART	Shareholder	{ Shareholder Director	{ Shareholder Director	Shareholder	{ Shareholder Director Vice-President
C. H. WINDELER	Shareholder	—	{ Shareholder Secretary	—	{ Shareholder Secretary

Pro Forma Balance Sheet of Amalgamated Company

A pro forma balance sheet of the Amalgamated Company as at June 30, 1963 together with the notes thereto and the auditors' report thereon are set out on pages 11 to 13 of this Information Booklet.

Stock Exchange Listing

Application will be made for listing the shares of the Amalgamated Company on the Toronto Stock Exchange.

Directors of the Amalgamated Company

The first directors of the Amalgamated Company will be John R. Bradfield, F. M. Connell, M. S. Fotheringham, K. C. Gray, H. E. Langford, Harold H. Leather, R. V. Porritt, W. Harold Rea, W. S. Row and W. Dent Smith.

By-laws

The by-laws set out in the Schedule to Exhibit B hereto will be the by-laws of the Amalgamated Company until repealed, amended, altered or added to by by-law.

Tax Position of Canadian Shareholders

The four companies participating in the Plan understand that (except perhaps in the case of a Prospectors Airways shareholder who is a trader in securities) the implementation of the Plan will not result in any Canadian income tax liability to Canadian shareholders of any of the participating companies.

Tax Position of United States Shareholders

An application to the Commissioner of Internal Revenue has been made requesting a ruling that for purposes of United States federal income tax no gain or loss will be recognized as a result of implementation of the Plan. It is not known at this time whether this ruling will be issued.

Litigation

An action was commenced in the Supreme Court of Ontario in October, 1961 against Prospectors Airways and one of its officers, claiming damages of approximately \$200,000. This action, if proceeded with, will be defended.

Anglo-Huronian has received income tax assessments for the years 1958, 1959 and 1960 for additional taxes of approximately \$86,000. These additional taxes have been paid but the company is appealing to have the assessments set aside and the additional taxes refunded.

KERR ADDISON MINES LIMITED

Pro Forma Balance Sheet

(note 1)

June 30, 1963

Assets

CURRENT:

Cash.....	\$ 111,452	
Short-term notes and call loans.....	5,058,684	
Marketable investments, at cost less amounts written off (quoted market value \$11,584,134).....	10,264,806	
Bullion, at current mint prices.....	865,403	
Accounts and interest receivable.....	555,146	\$16,855,491

INVESTMENTS in shares and bonds of mining companies at cost (note 3)..... 10,741,502

INVESTMENTS in subsidiary companies:

Joutel Copper Mines Limited 2,073,069 shares at cost.....	\$ 802,494	
Other at nominal value.....	1	802,495

DEFERRED:

Supplies and materials, at cost.....	\$ 1,446,917	
Prepaid expenses.....	375,139	1,822,056

FIXED, at cost:

Mining claims and properties.....	\$ 1,245,994	
Land (surface rights only).....	73,020	
Buildings, plant and equipment.....	\$14,248,989	
Less accumulated depreciation.....	13,483,421	765,568
		2,084,582

OTHER:

Receivable under agreement of sale (note 4).....	\$ 1,500,000	
Mortgages receivable.....	19,514	
Shares of inactive mining companies at nominal value.....	4	1,519,518
		<u>\$33,825,644</u>

Liabilities

CURRENT:

Accounts payable and accrued charges.....	\$ 918,912	
Income and mining taxes payable.....	854,489	
Dividends payable.....	519,137	\$ 2,292,538

CAPITAL AND SURPLUS:

Capital stock—		
Authorized:		
10,000,000 shares of no par value		
Issued:		
7,013,902 shares.....	\$12,907,711	
Earned surplus.....	18,625,395	31,533,106
		<u>\$33,825,644</u>

(See accompanying notes to pro forma balance sheet)

KERR ADDISON MINES LIMITED
Notes to Pro Forma Balance Sheet
June 30, 1963

1. The pro forma balance sheet gives effect as at June 30, 1963 to the following proposed transactions:

- (a) The sale by Kerr-Addison Gold Mines Limited to Prospectors Airways Company, Limited of certain mining rights and licences of occupation pertaining to lands located in McGarry Township in the Larder Lake area of Ontario. The purchase price to be paid by Prospectors Airways Company, Limited is \$1,245,992, being the amount at which such assets are carried on the books of Kerr-Addison Gold Mines Limited, and is to be satisfied by Prospectors Airways Company, Limited giving to Kerr-Addison Gold Mines Limited a demand promissory note in that amount and bearing interest at 6½% per annum.
- (b) The statutory amalgamation of Anglo-Huronian, Limited, Bouzan Mines Limited and Kerr-Addison Gold Mines Limited under the name of Kerr Addison Mines Limited, which amalgamation provides for the conversion of the issued and outstanding shares of the amalgamating companies into issued and outstanding shares of Kerr Addison Mines Limited (after cancellation of 930,500 shares of Kerr-Addison Gold Mines Limited, 10,000 shares of Anglo-Huronian, Limited and 51,000 shares of Bouzan Mines Limited, being the intercompany holdings) on the following basis:
 - (i) One share of Kerr-Addison Gold Mines Limited into one share of Kerr Addison Mines Limited;
 - (ii) Five shares of Anglo-Huronian, Limited into eight shares of Kerr Addison Mines Limited; and
 - (iii) Ten shares of Bouzan Mines Limited into one share of Kerr Addison Mines Limited.
- (c) The purchase by Kerr Addison Mines Limited of the assets and undertaking of Prospectors Airways Company, Limited (including the mining rights and licences of occupation referred to in paragraph (a) above) in consideration of (i) the allotment and issue of 185,200 shares of Kerr Addison Mines Limited; (ii) the undertaking of Kerr Addison Mines Limited to allot and issue to Prospectors Airways Company, Limited on demand 156,800 shares of Kerr Addison Mines Limited; and (iii) the assumption by Kerr Addison Mines Limited of the liabilities of Prospectors Airways Company, Limited.
- (d) The distribution of the assets of Prospectors Airways Company, Limited which will result in the surrender for cancellation of the undertaking of Kerr Addison Mines Limited referred to in paragraph (c) (ii) above.
- (e) The writing-off of exploration expenditures of \$1,201,707 in the aggregate incurred by the three amalgamating companies and Prospectors Airways Company, Limited or its subsidiaries, and deferred by them in their respective balance sheets as at June 30, 1963, in accordance with the proposed accounting policy of Kerr Addison Mines Limited to write off such expenditures when incurred.

2. The following summaries show the effect of the above transactions on the pro forma balance sheet of the amalgamated company:

(a) CAPITAL AND SURPLUS:	Issued capital less discount	Earned surplus	Total
Amounts appearing in the individual balance sheets of the participating companies:			
Kerr-Addison Gold Mines Limited.....	\$ 2,931,923	\$14,518,921	\$17,450,844
Anglo-Huronian, Limited.....	5,340,349	8,803,870	14,144,219
Bouzan Mines Limited.....	3,398,754	1,466,333	4,865,087
Prospectors Airways Company, Limited.....	3,463,755	(1,798,022)	1,665,733
	<u>\$15,134,781</u>	<u>\$22,991,102</u>	<u>\$38,125,883</u>
Deduct:			
Cancellation of inter-company shareholdings.....	\$ 2,227,070	\$ 3,164,000	\$ 5,391,070
Write-off of deferred exploration expenditures—			
Incurred directly by companies.....		541,346	541,346
Incurred through subsidiaries of Prospectors Airways Company, Limited		660,361	660,361
	<u>\$ 2,227,070</u>	<u>\$ 4,365,707</u>	<u>\$ 6,592,777</u>
Amounts appearing in the pro forma balance sheet of the amalgamated company	<u>\$12,907,711</u>	<u>\$18,625,395</u>	<u>\$31,533,106</u>
(b) MARKETABLE INVESTMENTS:		Quoted Market value	Cost or book value
Marketable investments appearing in the individual balance sheets of the participating companies:			
Kerr-Addison Gold Mines Limited.....		\$14,935,597	\$12,371,023
Anglo-Huronian, Limited.....		2,848,980	1,572,065
Bouzan Mines Limited.....		2,961,310	1,834,598
Prospectors Airways Company, Limited.....		86,865	112,054
		<u>\$20,832,752</u>	<u>\$15,889,740</u>
Deduct:			
Investments transferred to Investments in shares and bonds of mining companies.....		\$ 7,974,605	\$ 5,050,944
Investment in shares of Joutel Copper Mines Limited transferred to Investments in subsidiary companies.....		1,169,543	470,570
Cancellation of inter-company shareholdings.....		104,470	103,420
		<u>\$ 9,248,618</u>	<u>\$ 5,624,934</u>
Amounts appearing in the pro forma balance sheet of the amalgamated company.....		<u>\$11,584,134</u>	<u>\$10,264,806</u>

(c) INVESTMENTS IN SHARES AND BONDS OF MINING COMPANIES:	Shares and bonds having a quoted market value		Other investments	Total
	Quoted market value	Cost		
Investments in shares and bonds of mining companies appearing in the balance sheet of Anglo-Huronian, Limited	\$15,991,788	\$10,702,109	\$423,603	\$11,125,712
Add investments transferred from Marketable securities	7,974,605	5,050,944		5,050,944
	<u>\$23,966,393</u>	<u>\$15,753,053</u>	<u>\$423,603</u>	<u>\$16,176,656</u>
Deduct:				
Investment in shares of Joutel Copper Mines Limited transferred to Investments in subsidiary companies	\$ 336,801	\$ 147,504		\$ 147,504
Cancellation of inter-company shareholdings	7,488,235	5,287,650		5,287,650
	<u>\$ 7,825,036</u>	<u>\$ 5,435,154</u>		<u>\$ 5,435,154</u>
Amounts appearing in pro forma balance sheet of the amalgamated company	<u>\$16,141,357</u>	<u>\$10,317,899</u>	<u>\$423,603</u>	<u>\$10,741,502</u>

3. Shares and bonds of mining companies consist of holdings which are not in the nature of temporary investments. Included are shares and bonds carried at a cost of \$10,317,899 which have a quoted value of \$16,141,357 computed by pricing the individual holdings at the closing market quotations on June 28, 1963. The latter amount does not necessarily represent the value of these holdings which may be more or less than that indicated by market quotations. Also included are investments carried at a cost of \$423,603 consisting of holdings for which no regular market quotations are available.

4. The amount shown as "Receivable under agreement of sale" represents amounts due from The Patino Mining Corporation on sale of mining property of Bouzan Mines Limited for \$1,800,000 due in annual instalments of \$300,000 from December 31, 1963. The initial payment has been included in "Accounts and interest receivable" in the pro forma balance sheet.

Auditors' Report

To the Directors of Anglo-Huronian, Limited; Bouzan Mines Limited;
Kerr-Addison Gold Mines Limited; Prospectors Airways Company, Limited:

We have examined the pro forma balance sheet giving effect to the amalgamation of ANGLO-HURONIAN, LIMITED, BOUZAN MINES LIMITED and KERR-ADDISON GOLD MINES LIMITED under the name KERR ADDISON MINES LIMITED and to the acquisition by that company of all of the net assets of PROSPECTORS AIRWAYS COMPANY, LIMITED both as at June 30, 1963. With respect to the accounts of ANGLO-HURONIAN, LIMITED and PROSPECTORS AIRWAYS COMPANY, LIMITED our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The accounts of the other two companies were examined by other Chartered Accountants and are included in the pro forma balance sheet on the basis of their reports.

In our opinion the accompanying pro forma balance sheet presents fairly the financial position of the amalgamated company, KERR ADDISON MINES LIMITED, as it would have appeared on June 30, 1963 had the transactions set out in note 1 to the pro forma balance sheet been effected at that date.

Toronto, Canada, October 4, 1963.

CLARKSON, GORDON & CO.
Chartered Accountants.

KERR-ADDISON GOLD MINES LIMITED
(Incorporated under the laws of the Province of Ontario, Canada)

Balance Sheet
As at June 30, 1963
Assets

CURRENT ASSETS:

Cash.....	\$	70,229	
Call loans and short term notes.....		1,733,438	
Marketable investments at cost (quoted market value \$14,935,597).....		12,371,023	
Bullion valued at current mint prices.....		865,403	
Accounts and interest receivable.....		161,595	\$15,201,688

SUNDRY INVESTMENTS:

Shares in other companies—nominal value.....	\$	1	
Expenditure on outside explorations less amounts written off.....		217,119	
Mortgages receivable.....		19,514	236,634

DEFERRED CHARGES:

Supplies and materials at cost.....	\$	1,446,917	
Prepaid expenses.....		372,471	1,819,388

CAPITAL ASSETS—at cost:

Mining claims.....	\$	1,245,993	
Land (surface rights only).....		73,020	
Buildings, plant and equipment.....		\$14,168,167	

Less

Accumulated depreciation.....	13,465,159	703,008	2,022,021
			<u>\$19,279,731</u>

Liabilities

CURRENT LIABILITIES:

Accounts and wages payable and accrued.....	\$	869,612	
Unclaimed dividends.....		144,137	
Federal and provincial income taxes.....		625,361	
Ontario mining tax.....		189,777	\$ 1,828,887

CAPITAL STOCK AND SURPLUS:

Capital stock—			
Authorized:			
5,000,000 shares of \$1.00 par value			
Issued and fully paid:			
4,730,302 shares.....	\$	4,730,302	
<i>Less</i>			
Discount on shares.....		1,798,379	

	\$	2,931,923	
Earned surplus.....		14,518,921	17,450,844
			<u>\$19,279,731</u>

Auditors' Report

To the Directors of Kerr-Addison Gold Mines Limited:

We have examined the balance sheet of KERR-ADDISON GOLD MINES LIMITED as at June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above balance sheet presents fairly the financial position of the company as at June 30, 1963, in accordance with generally accepted accounting principles.

Toronto, September 5, 1963.

WINSPEAR, HIGGINS, STEVENSON AND DOANE
Chartered Accountants.

KERR-ADDISON GOLD MINES LIMITED
Statement of Earnings
For the Five Years and the Six Months ended
June 30, 1963

	Year ended December 31					Six months ended June 30, 1963
	1958	1959	1960	1961	1962	
Revenue						
Bullion recovered.....	\$18,423,483	\$19,125,030	\$20,420,106	\$18,615,842	\$15,742,590	\$ 6,488,527
Investment income.....	181,530	302,395	399,610	452,948	502,884	266,220
Other.....	71,864	70,353	71,736	74,208	70,448	33,533
	<u>\$18,676,877</u>	<u>\$19,497,778</u>	<u>\$20,891,452</u>	<u>\$19,142,998</u>	<u>\$16,315,922</u>	<u>\$ 6,788,280</u>
Expenditure						
Cost of metal production including mining, milling, marketing and mint charges.....	\$10,369,415	\$10,566,423	\$10,849,451	\$10,612,319	\$ 9,368,707	\$ 4,101,493
Administration and general.....	190,823	153,971	172,591	173,531	186,420	98,480
Outside exploration costs written off	91,878	96,742	194,523	243,145	331,810	70,435
	<u>\$10,652,116</u>	<u>\$10,817,136</u>	<u>\$11,216,565</u>	<u>\$11,028,995</u>	<u>\$ 9,886,937</u>	<u>\$ 4,270,408</u>
Less Estimated amount recoverable under the Emergency Gold Mining Assistance Act....	—	—	—	—	—	120,000
	<u>\$10,652,116</u>	<u>\$10,817,136</u>	<u>\$11,216,565</u>	<u>\$11,028,995</u>	<u>\$ 9,886,937</u>	<u>\$ 4,150,408</u>
	\$ 8,024,761	\$ 8,680,642	\$ 9,674,887	\$ 8,114,003	\$ 6,428,985	\$ 2,637,872
Provision for depreciation.....	621,176	554,184	1,178,306	1,010,607	867,534	126,000
	<u>\$ 7,403,585</u>	<u>\$ 8,126,458</u>	<u>\$ 8,496,581</u>	<u>\$ 7,103,396</u>	<u>\$ 5,561,451</u>	<u>\$ 2,511,872</u>
Provision for taxes						
Federal and provincial income tax..	\$ 1,998,611	\$ 2,340,249	\$ 2,401,971	\$ 1,936,192	\$ 1,540,000	\$ 692,000
Provincial mining tax.....	643,948	693,557	798,648	642,157	496,255	189,000
	<u>\$ 2,642,559</u>	<u>\$ 3,033,806</u>	<u>\$ 3,200,619</u>	<u>\$ 2,578,349</u>	<u>\$ 2,036,255</u>	<u>\$ 881,000</u>
Net profit for the period.....	\$ 4,761,026	\$ 5,092,652	\$ 5,295,962	\$ 4,525,047	\$ 3,525,196	\$ 1,630,872
Profits or (losses) on sales of securities (net).....	(1,049)	43,437	26,520	200,378	145,513	40,227
Net addition to surplus for the period before payment of dividends.....	<u>\$ 4,759,977</u>	<u>\$ 5,136,089</u>	<u>\$ 5,322,482</u>	<u>\$ 4,725,425</u>	<u>\$ 3,670,709</u>	<u>\$ 1,671,099</u>

Auditors' Report

To the Directors of Kerr-Addison Gold Mines Limited:

We have examined the statement of earnings of Kerr-Addison Gold Mines Limited for the five years and the six months ended June 30, 1963. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the earnings of the company for the five years and the six months ended June 30, 1963, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, September 5, 1963.

WINSPEAR, HIGGINS, STEVENSON AND DOANE
Chartered Accountants.

ANGLO-HURONIAN, LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet**June 30, 1963****Assets****CURRENT:**

Cash.....	\$	48,209	
Interest-bearing demand notes.....		1,633,641	
Marketable investments at cost, less amounts written off (quoted market value \$2,848,980).....		1,572,065	
Accounts and interest receivable.....		60,247	\$ 3,314,162

INVESTMENTS in shares and bonds of mining companies at cost (note 1).....			11,125,712
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PROSPECTING AND DEVELOPMENT:

Deferred exploration expenditures.....	\$	105,437	
Shares in inactive mining companies at nominal value (note 2).....		1	105,438

OTHER:

Office equipment at depreciated value.....	\$	13,026	
Unamortized leasehold improvements.....		13,883	
Prepaid expenses.....		2,668	29,577
			<u>\$14,574,889</u>

Liabilities**CURRENT:**

Accounts payable.....	\$	16,319	
Income taxes payable.....		39,351	
Dividend payable.....		375,000	\$ 430,670

CAPITAL AND SURPLUS:

Capital stock—			
Authorized:			
2,000,000 shares of no par value			
Issued:			
1,500,000 shares.....	\$	5,340,349	
Earned surplus.....		8,803,870	14,144,219
			<u>\$14,574,889</u>

Notes to Balance Sheet

1. Shares and bonds of mining companies consist of holdings which are not in the nature of temporary investments. Included are shares and bonds carried at a cost of \$10,702,109 which have a quoted value of \$15,991,788 computed by pricing the individual holdings at the closing market quotations on June 28, 1963. The latter amount does not necessarily represent the value of these holdings which may be more or less than that indicated by market quotations. Also included are investments carried at a cost of \$423,603 consisting of holdings for which no regular market quotations are available.

2. Shares in inactive mining companies which are carried at nominal value include an investment in a partially-owned subsidiary, Keeley Extension Mines Limited.

3. The company has received notices confirming assessments of income taxes for the 1958, 1959 and 1960 years and has provided in the accounts (by a charge to earned surplus) for the amounts payable plus the estimated additional liability for the 1961 and 1962 years. These assessments are currently under appeal.

Auditors' Report

To the Directors of Anglo-Huronian, Limited:

We have examined the balance sheet of ANGLO-HURONIAN, LIMITED as at June 30, 1963. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of the company as at June 30, 1963, in accordance with generally accepted accounting principles.

Toronto, Canada, August 12, 1963.

CLARKSON, GORDON & CO.
Chartered Accountants.

ANGLO-HURONIAN, LIMITED
Statement of Earnings
For the Five Years and the Eleven Months ended
June 30, 1963

	Year ended July 31,					Eleven months ended June 30, 1963
	1958	1959	1960	1961	1962	
Revenue from dividends and interest.....	\$1,090,191	\$1,141,410	\$1,147,016	\$1,163,856	\$1,140,062	\$1,005,425
Expense:						
General and administrative less portion recovered from associated companies.....	\$ 80,292	\$ 89,908	\$ 80,697	\$ 76,892	\$ 77,974	\$ 76,983
Depreciation and amortization.....	1,170	937	1,227	4,992	5,711	4,400
Exploration expenditures written off.....	18,802	17,508	1,772	38,896	98,025	8,259
Income taxes (note).....	24,850	60,000	54,000	44,000	50,000	28,000
	<u>\$ 125,114</u>	<u>\$ 168,353</u>	<u>\$ 137,696</u>	<u>\$ 164,780</u>	<u>\$ 231,710</u>	<u>\$ 117,642</u>
Net earnings for the period.....	\$ 965,077	\$ 973,057	\$1,009,320	\$ 999,076	\$ 908,352	\$ 887,783
Special credits:						
Profit on disposal of investments less amount written off investments.....	143,816	109,498	147,555	978,882	617,735	148,841
Sundry.....	—	—	12,500	—	25,264	—
Net earnings plus special credits.....	<u>\$1,108,893</u>	<u>\$1,082,555</u>	<u>\$1,169,375</u>	<u>\$1,977,958</u>	<u>\$1,551,351</u>	<u>\$1,036,624</u>

NOTE: Income taxes represent the amounts assessed for the years 1958, 1959 and 1960; the amounts for 1961 and 1962 and for the eleven months ended June 30, 1963 have been estimated on the basis of the assessments received for the earlier years. These assessments, however, are currently under appeal. In total the amounts shown for the years 1958 to 1962 exceed the provisions for income taxes in the company's annual financial statements by \$120,000, which amount was charged to earned surplus in 1963.

Auditors' Report

To the Directors of Anglo-Huronian, Limited:

We have examined the statement of earnings of ANGLO-HURONIAN, LIMITED for the five years and the eleven months ended June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the earnings of the company for the five years and the eleven months ended June 30, 1963, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Canada, August 12, 1963.

CLARKSON, GORDON & CO.
Chartered Accountants.

BOUZAN MINES LIMITED
(Incorporated under the laws of Ontario)

Balance Sheet
As at June 30, 1963

Assets

CURRENT ASSETS

Cash.....	\$	4,210	
Notes receivable.....		1,215,000	
Marketable securities—at cost (quoted market value \$2,961,310).....		1,834,598	
Account and dividends receivable.....		5,993	
Current portion of receivable under agreement of sale.....		<u>300,000</u>	\$3,359,801

OTHER ASSETS

Receivable from The Patino Mining Corporation under agreement of sale, less current portion included above (annual instalments of \$300,000 to commence December 31, 1963).....		\$1,500,000	
Mining properties—at nominal value.....		1	
Shares of inactive mining companies—at nominal value.....		1	
Deferred exploration—at cost.....		<u>6,000</u>	<u>1,506,002</u>
			<u>\$4,865,803</u>

Liabilities

CURRENT LIABILITIES

Accounts payable and accrued liabilities.....	\$	716
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CAPITAL STOCK AND SURPLUS

Capital stock—			
Authorized—			
7,500,000 shares with a par value of \$1 each.....		<u>\$7,500,000</u>	
Issued and fully paid—			
6,500,000 shares.....		\$6,500,000	
Discount thereon (Net).....		<u>3,101,246</u>	
		\$3,398,754	
Earned surplus.....		<u>1,466,333</u>	<u>4,865,087</u>
			<u>\$4,865,803</u>

Auditors' Report

To the Directors of Bouzan Mines Limited:

We have examined the balance sheet of Bouzan Mines Limited as at June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company as at June 30, 1963, in accordance with generally accepted accounting principles.

Toronto, September 27, 1963

McDONALD, CURRIE & Co.
Chartered Accountants.

BOUZAN MINES LIMITED

Statement of Earnings

For the Five Years and Six Months ended June 30, 1963

	Year ended December 31					Six months ended June 30, 1963
	1958	1959	1960	1961	1962	
Revenue from dividends and interest.....	\$ 80,359	\$ 95,498	\$111,647	\$129,512	\$ 143,673	\$ 69,765
Prospecting and exploration expenditures.....	\$ 74,544	\$ 29,663	\$148,853	\$ 40,726	\$ 16,164	—
Administrative and general expenses.....	5,234	4,078	3,508	4,783	3,544	5,257
	<u>\$ 79,778</u>	<u>\$ 33,741</u>	<u>\$152,361</u>	<u>\$ 45,509</u>	<u>\$ 19,708</u>	<u>\$ 5,257</u>
Net earnings (loss) for the period.....	<u>\$ 581</u>	<u>\$ 61,757</u>	<u>(\$40,714)</u>	<u>\$ 84,003</u>	<u>\$ 123,965</u>	<u>\$ 64,508</u>
Special credits or (charges):						
Profit on disposal of investments less amount written off investments.....	(\$77,121)	—	\$17,161	\$120,295	\$ 4,951	\$27,495
Proceeds from sale of a mining property.....	—	—	—	—	1,800,000	—
	<u>(\$77,121)</u>	<u>—</u>	<u>\$17,161</u>	<u>\$120,295</u>	<u>\$1,804,951</u>	<u>\$27,495</u>
Net earnings (loss) plus or minus special items.....	<u>(\$76,540)</u>	<u>\$61,757</u>	<u>(\$23,553)</u>	<u>\$204,298</u>	<u>\$1,928,916</u>	<u>\$92,003</u>

Auditors' Report

To the Directors of Bouzan Mines Limited:

We have examined the statement of earnings for the five years and six months ended June 30, 1963 of Bouzan Mines Limited. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the earnings of the company for the five years and six months ended June 30, 1963, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, September 27, 1963

McDONALD, CURRIE & Co.
Chartered Accountants

PROSPECTORS AIRWAYS COMPANY, LIMITED
(Incorporated under the laws of Canada)

Balance Sheet
June 30, 1963

Assets

CURRENT ASSETS:

Interest-bearing demand notes.....	\$ 476,605	
Marketable securities at cost (quoted market value \$86,865).....	112,054	
Accounts receivable.....	<u>27,311</u>	\$ 615,970

SHARES IN AND ADVANCES TO SUBSIDIARY COMPANIES:

Shares—at cost less amounts written off.....	\$ 459,971	
Advances.....	<u>200,391</u>	660,362

SHARES IN ASSOCIATED AND OTHER COMPANIES:

Joutel Copper Mines Limited—677,392 shares at cost (Quoted market value of 381,235 shares not in escrow—\$522,292).....	\$ 184,420	
Other, at nominal value.....	<u>1</u>	184,421

DEFERRED EXPLORATION EXPENDITURES:

Equipment, at cost.....	\$ 35,651	
Other.....	<u>212,790</u>	248,441
		<u>\$1,709,194</u>

Liabilities

CURRENT LIABILITIES:

Bank overdraft.....	\$ 11,196	
Accounts payable and accrued charges.....	<u>32,265</u>	\$ 43,461

CAPITAL:

Authorized— 5,000,000 shares of no par value	
Issued— 3,420,000 shares.....	\$3,463,755

DEFICIT.....	<u>1,798,022</u>	1,665,733
		<u>\$1,709,194</u>

NOTE: In an action that has been pending since October 1961, the company and one of its officers have been named as defendants to a combined claim of approximately \$200,000.

Auditors' Report

To the Directors of Prospectors Airways Company, Limited:

We have examined the balance sheet of PROSPECTORS AIRWAYS COMPANY, LIMITED as at June 30, 1963 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at June 30, 1963, in accordance with generally accepted accounting principles.

Toronto, Canada, August 9, 1963.

CLARKSON, GORDON & Co.
Chartered Accountants.

PROSPECTORS AIRWAYS COMPANY, LIMITED

Statement of Earnings For the Five Years and the Six Months ended June 30, 1963

	Year ended December 31,					Six months ended June 30, 1963
	1958	1959	1960	1961	1962	
Prospecting and exploration expenditures.....	\$386,189	\$225,076	\$134,665	\$ 76,685	\$219,896	\$ 90,816
Administrative and general expenses.....	23,745	23,475	21,074	25,730	29,873	21,378
	<u>\$409,934</u>	<u>\$248,551</u>	<u>\$155,739</u>	<u>\$102,415</u>	<u>\$249,769</u>	<u>\$112,194</u>
Less revenue from dividends and interest.....	21,164	13,906	13,065	45,629	39,932	16,453
Net loss for the period.....	<u>\$388,770</u>	<u>\$234,645</u>	<u>\$142,674</u>	<u>\$ 56,786</u>	<u>\$209,837</u>	<u>\$ 95,741</u>
Special credits or (charges):						
Provision for losses on investments.....	—	—	—	—	—	(9,759)
Provision for losses of subsidiary companies.....	—	—	—	(94,503)	—	—
Profits or (losses) on sales of securities (net)....	140,696	36,208	(32,069)	—	—	—
Net loss plus or minus special items.....	<u>\$248,074</u>	<u>\$198,437</u>	<u>\$174,743</u>	<u>\$151,289</u>	<u>\$209,837</u>	<u>\$105,500</u>

Auditors' Report

To the Directors of Prospectors Airways Company, Limited:

We have examined the statement of earnings of PROSPECTORS AIRWAYS COMPANY, LIMITED for the five years and the six months ended June 30, 1963. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the earnings of the company for the five years and the six months ended June 30, 1963, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Canada, August 9, 1963.

CLARKSON, GORDON & Co.
Chartered Accountants.

EXHIBIT A
MINING RIGHTS INDENTURE

THIS INDENTURE made this day of November, 1963,

BETWEEN :

KERR-ADDISON GOLD MINES LIMITED,
a company incorporated under the laws of the
Province of Ontario,
hereinafter called "Kerr-Addison",

OF THE FIRST PART,

—and—

PROSPECTORS AIRWAYS COMPANY, LIMITED,
a company incorporated under the laws of Canada,
hereinafter called "Prospectors Airways",

OF THE SECOND PART.

WITNESSETH :

1. For the consideration hereinafter mentioned Kerr-Addison hereby sells, assigns, conveys, transfers and sets over unto Prospectors Airways all right, title and interest of Kerr-Addison in and to the following (hereinafter referred to as the "Mining Rights"), viz:

Those certain mining rights and licences of occupation pertaining to lands situate in the Township of McGarry, in the Larder Lake area of the Province of Ontario, described in Schedule One hereto attached, including the right to take and remove minerals therefrom, but excluding any property constituting depreciable property as defined in the Income Tax Act (Canada) and, in particular, any underground workings, equipment, machinery and installations.

2. The consideration for the said sale is the sum of \$1,245,992, being the amount at which the Mining Rights are carried on the books of Kerr-Addison. Kerr-Addison hereby acknowledges having received, in satisfaction of such consideration, a promissory note of Prospectors Airways in the amount of \$1,245,992 payable on demand and bearing simple interest at the rate of 6½% per annum.

3. Kerr-Addison agrees that it will from time to time at the request of Prospectors Airways execute and deliver or cause to be executed and delivered to Prospectors Airways all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required to implement the full intent and meaning of this Indenture. In the event of any conflict between the provisions of any such instruments of further assurance and the provisions of this Indenture, the provisions of this Indenture shall prevail.

4. Kerr-Addison agrees that Kerr-Addison will for and on behalf of Prospectors Airways exploit the Mining Rights for so long as Prospectors Airways is the owner of the Mining Rights, mill the gold ores so mined and sell the metals resulting therefrom, the whole at a cost to Prospectors Airways equal to the actual cost to Kerr-Addison of such mining, milling and selling plus 10%. It is understood and agreed that such cost to Kerr-Addison will include administration and general expenses and reasonable provision for depreciation and that the certificate of the auditors of Kerr-Addison as to the amount of such cost shall be final and binding on the parties hereto.

5. It is understood and agreed that unless on or before January 1, 1964 (i) Kerr-Addison, Anglo-Huronian, Limited and Bouzan Mines Limited have amalgamated and continued as one company (hereinafter referred to as the "Amalgamated Company") substantially upon and subject to the terms and conditions set forth in an amalgamation agreement between said companies in the form attached hereto and marked Exhibit B, and (ii) the Amalgamated Company has acquired the undertaking, property and assets of Prospectors Airways substantially upon and subject to the terms and conditions set forth in an indenture between Prospectors

Airways and the Amalgamated Company in the form attached hereto and marked Schedule A, Prospectors Airways shall forthwith on demand of Kerr-Addison sell, assign, convey, transfer and set over unto Kerr-Addison all right, title and interest in and to the Mining Rights acquired by Prospectors Airways by virtue of this Indenture at and for the sum of \$1,245,992.

IN WITNESS WHEREOF Kerr-Addison and Prospectors Airways have executed this Indenture.

KERR-ADDISON GOLD MINES LIMITED

By.....

.....

PROSPECTORS AIRWAYS COMPANY, LIMITED

By.....

.....

SCHEDULE ONE TO MINING RIGHTS INDENTURE

Mining rights and licences of occupation pertaining to lands situate in the Township of McGarry, in the Larder Lake area of the Province of Ontario as follows:

- (i) The mining rights of 29 patented mining claims, viz:—

Mining Claims H.J.B. 28, H.J.B. 29, H.J.B. 30, H.J.B. 31, H.J.B. 32, H.J.B. 33, H.S. 164, H.S. 165, H.S. 166, H.F. 33, H.F. 37, H.S. 133, L. 8863, H.S. 135, L. 35619, L. 25206, L. 25207, L. 27044, L. 30131, L. 30132, L. 30133, L. 31160, L. 31162, L. 36321, L. 42040, L. 42041, L. 33020, L. 25205 and H.F. 404;

- (ii) The mining rights of patented mining location 3 L.M.;

- (iii) The mining rights of the patented fraction between mining claim H.F. 37 and mining location L.M. 3;

(iv) Seven licences of occupation in the Register of Licences of Occupation in the Department of Mines of Ontario granted by the Minister of Mines and bearing respectively numbers 10320, 10431, 10432, 10433, 10482, 10483 and 10484.

EXHIBIT B
AMALGAMATION AGREEMENT

THIS AGREEMENT made as of the 10th day of October, 1963,

BETWEEN :

KERR-ADDISON GOLD MINES LIMITED,
hereinafter called "Kerr-Addison",
OF THE FIRST PART,

ANGLO-HURONIAN, LIMITED,
hereinafter called "Anglo-Huronian",
OF THE SECOND PART,
—and—

BOUZAN MINES LIMITED,
hereinafter called "Bouzan",
OF THE THIRD PART.

WHEREAS Kerr-Addison, Anglo-Huronian and Bouzan were each incorporated by Letters Patent under the laws of the Province of Ontario and have the same or similar objects;

AND WHEREAS the authorized capital of Kerr-Addison consists of \$5,000,000 divided into 5,000,000 shares with a par value of \$1 each of which 4,730,302 shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the authorized capital of Anglo-Huronian consists of 2,000,000 shares without par value of which 1,500,000 shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the authorized capital of Bouzan consists of \$7,500,000 divided into 7,500,000 shares with a par value of \$1 each of which 6,500,000 shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS Kerr-Addison, Anglo-Huronian and Bouzan, acting under the authority contained in The Corporations Act (Ontario), have agreed to amalgamate under the terms and conditions hereinafter set out and to continue as one company;

AND WHEREAS each of Kerr-Addison, Anglo-Huronian and Bouzan has made full disclosure to each of the others of all its known assets and liabilities;

AND WHEREAS it is desirable that such amalgamation should be effected;

AND WHEREAS it is proposed, subject to approval by the shareholders of Kerr-Addison and the shareholders of Prospectors Airways Company, Limited (hereinafter called "Prospectors Airways") that Kerr-Addison and Prospectors Airways will enter into a certain indenture (hereinafter called the "Mining Rights Indenture") by which Kerr-Addison will sell to Prospectors Airways certain mining rights and licences of occupation pertaining to lands situate in the Township of McGarry, in the Larder Lake area of the Province of Ontario, and the right to take and remove minerals therefrom;

AND WHEREAS it is proposed, subject to approval by the shareholders of each of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways that Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways will enter into a certain agreement (hereinafter called the "Prospectors Airways Sale Agreement") providing for the purchase by the Amalgamated Company of the undertaking, property and assets of Prospectors Airways;

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. In this Agreement the expression "Amalgamated Company" shall mean the company continuing from the amalgamation of Kerr-Addison, Anglo-Huronian and Bouzan.
2. Kerr-Addison, Anglo-Huronian and Bouzan do hereby agree to amalgamate under the provisions of Section 96 of The Corporations Act and to continue as one company under the terms and conditions hereinafter set out.

3. The name of the Amalgamated Company shall be Kerr Addison Mines Limited or any variation thereof acceptable to the Lieutenant-Governor of the Province of Ontario.

4. The objects of the Amalgamated Company shall be as follows:

- (a) To carry on in all its branches the business of mining, milling, reduction and development;
- (b) To acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain and manage mines and mineral lands and deposits, including oil and gas lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyse, reduce, amalgamate, refine, pipe, convey and otherwise treat ores, metals and minerals, including oil and gas, whether belonging to the Amalgamated Company or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or interest therein; and
- (c) To take, acquire and hold as consideration for ores, metals or minerals, including oil and gas, sold or otherwise disposed of or for goods supplied or for work done by contract or otherwise, shares, debentures or other securities of or in any other company having objects similar, in whole or in part, to those of the Amalgamated Company, and to sell and otherwise dispose of the same.

And the following provisions shall apply to the Amalgamated Company:

- (i) That it shall not be necessary for a majority of the board of directors of the Amalgamated Company to constitute a quorum, but the quorum shall be two-fifths (2/5) of the board of directors;
- (ii) That meetings of the board of directors and the executive committee (if any) of the Amalgamated Company may be held at any place within or outside of Ontario and meetings of the shareholders of the Amalgamated Company may be held at any place within Ontario;
- (iii) That the Amalgamated Company may pay commissions to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for shares in the Amalgamated Company, or procuring or agreeing to procure subscriptions whether absolute or conditional for such shares but no such commission shall exceed twenty-five per cent (25%) of the amount of the subscription.

5. The authorized capital of the Amalgamated Company shall consist of 10,000,000 shares without par value, provided that the 10,000,000 shares shall not be issued for a consideration exceeding in amount or value the sum of Fifteen Million Dollars (\$15,000,000) or such greater amount as the board of directors of the Amalgamated Company deems expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and the issuance by the Provincial Secretary of a certificate of such payment.

6. The 930,500 shares of Kerr-Addison which are recorded in the books of Kerr-Addison in the name of Anglo-Huronian shall be cancelled; the 10,000 shares of Anglo-Huronian which are recorded in the books of Anglo-Huronian in the name of Bouzan shall be cancelled; and the 51,000 shares of Bouzan which are recorded in the books of Bouzan in the name of Anglo-Huronian shall be cancelled.

7. The authorized capital of Kerr-Addison, Anglo-Huronian and Bouzan after giving effect to the cancellations of shares referred to in clause 6 hereof shall be converted into the authorized capital of the Amalgamated Company on the following basis:

- (a) the 3,799,802 remaining issued shares with a par value of \$1 each of Kerr-Addison shall be converted into 3,799,802 issued and fully paid shares without par value of the Amalgamated Company, being at the rate of one share of the Amalgamated Company for each one share of Kerr-Addison;
- (b) the 1,490,000 remaining issued shares without par value of Anglo-Huronian shall be converted into 2,384,000 issued and fully paid shares without par value of the Amalgamated Company, being at the rate of eight shares of the Amalgamated Company for each five shares of Anglo-Huronian; and
- (c) the 6,449,000 remaining issued shares with a par value of \$1 each of Bouzan shall be converted into 644,900 issued and fully paid shares without par value of the Amalgamated Company, being at the rate of one share of the Amalgamated Company for each ten shares of Bouzan.

After the issue of letters patent confirming this Agreement, the shareholders of Kerr-Addison, Anglo-Huronian and Bouzan, when requested by the Amalgamated Company to do so, shall surrender the certificates representing shares held by them in Kerr-Addison, Anglo-Huronian and Bouzan respectively for cancellation, and in return shall be entitled to receive certificates for shares without par value of the Amalgamated Company on the basis aforesaid.

8. The head office of the Amalgamated Company shall be situate in the Municipality of Metropolitan Toronto, in the County of York, in the Province of Ontario.

9. The by-laws of the Amalgamated Company shall be those set out in the Schedule hereto until repealed, amended, altered or added to by by-law.

10. The board of directors of the Amalgamated Company, until otherwise determined by special resolution, shall consist of 10 members and the first directors of the Amalgamated Company with their names, callings and places of residence shall be the following:

<i>Name</i>	<i>Calling</i>	<i>Residence</i>
JOHN ROSS BRADFIELD.....	Mining Executive.....	222 Forest Hill Road Toronto 7, Ontario
FREDERICK MARTIN CONNELL.....	Mining Executive.....	53 Russell Hill Road Toronto 7, Ontario
MORSON SCARTH FOTHERINGHAM.....	Mining Executive.....	Steep Rock Lake Ontario
KENNETH CURLETTE GRAY.....	Mining Executive.....	206 Forest Hill Road Toronto 7, Ontario
HENRY EDEN LANGFORD.....	Executive.....	20 Oriole Gardens Toronto 7, Ontario
HAROLD HAMILTON LEATHER.....	Executive.....	341 James Street South Hamilton, Ontario
RICHARD VALENTINE PORRITT.....	Mining Executive.....	25 Dunloe Road Toronto 7, Ontario
WILLIAM HAROLD REA.....	Executive.....	27 Blyth Hill Road Toronto 12, Ontario
WILLIAM STANLEY ROW.....	Mining Executive.....	168 Forest Hill Road Toronto 7, Ontario
WALTER DENT SMITH.....	Executive.....	5 Rosemary Lane Toronto 10, Ontario

The said first directors shall hold office until the first annual meeting of the Amalgamated Company or until their successors are elected or appointed. The subsequent directors shall be elected in accordance with the provisions of The Corporations Act. The management and working of the Amalgamated Company shall be under the control of the board of directors from time to time, subject to the provisions of The Corporations Act.

11. Kerr-Addison shall contribute to the Amalgamated Company all its assets, subject to all its liabilities, as same exist on the date of issue of letters patent confirming this Agreement.

12. Anglo-Huronian shall contribute to the Amalgamated Company all its assets, subject to all its liabilities, as same exist on the date of issue of letters patent confirming this Agreement.

13. Bouzan shall contribute to the Amalgamated Company all its assets, subject to all its liabilities, as same exist on the date of issue of letters patent confirming this Agreement.

14. The Amalgamated Company shall possess all the property, rights, privileges and franchises and shall be subject to all the liabilities, contracts, disabilities and debts of each of Kerr-Addison, Anglo-Huronian and Bouzan.

15. The rights of the creditors against the property, rights and assets of Kerr-Addison, Anglo-Huronian and Bouzan and all liens upon their property, rights and assets shall be unimpaired by such amalgamation and all debts, contracts, liabilities and duties of Kerr-Addison, Anglo-Huronian and Bouzan shall thenceforth attach to the Amalgamated Company and may be enforced against it.

16. No action or proceeding by or against Kerr-Addison, Anglo-Huronian or Bouzan shall abate or be affected by such amalgamation.

17. This Agreement is conditional upon:

- (a) The shareholders of each of Kerr-Addison and Prospectors Airways having duly approved of their respective companies entering into the Mining Rights Indenture and the said companies having entered into the said Indenture; and

- (b) The shareholders of each of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways having duly approved of their respective companies entering into the Prospectors Airways Sale Agreement and the said companies having entered into the said Agreement.

Unless each of the aforesaid conditions is fulfilled on or before the 31st day of December, 1963, this Agreement shall be null and void and of no further force or effect. The joint certificate or affidavit of the Secretary of each of Kerr-Addison, Anglo-Huronian, Bouzan and Prospectors Airways that the said conditions are fulfilled shall be conclusive as to their fulfilment.

18. Upon the shareholders of Kerr-Addison, Anglo-Huronian and Bouzan respectively approving the execution and delivery of this Agreement and adopting this Agreement, the fact of such approval and adoption shall be certified upon this Agreement by the Secretary of each of the parties hereto under their respective corporate seals and the parties hereto by their joint application shall on or before the 31st day of December, 1963 apply to the Lieutenant-Governor of the Province of Ontario for letters patent confirming this Agreement.

19. Kerr-Addison, Anglo-Huronian and Bouzan may by resolution of their respective directors assent to any alteration or modification of this Agreement which the shareholders of their respective companies at meetings called to consider the same or the Provincial Secretary of Ontario may approve, and the expression "this Agreement" as used herein shall be read and considered to mean and include this Agreement as so altered or modified.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto under their respective corporate seals as witnessed by the signatures of their proper officers in that behalf.

KERR-ADDISON GOLD MINES LIMITED

By W. S. Row

President

R. D. STEWART

Secretary

C.S.

ANGLO-HURONIAN, LIMITED

By R. V. PORRITT

President

R. D. STEWART

Secretary

C.S.

BOUZAN MINES LIMITED

By R. V. PORRITT

President

C. H. WINDELER

Secretary

C.S.

SCHEDULE TO THE AMALGAMATION AGREEMENT

KERR ADDISON MINES LIMITED

BY-LAW NUMBER 1

A By-law relating generally to the transaction of the business and affairs of KERR ADDISON MINES LIMITED.

Interpretation

1. In this by-law and all other by-laws of the Company unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine gender and neuter gender; words importing persons shall include companies, corporations, partnerships and any number or aggregate of persons; "the Company" shall mean Kerr Addison Mines Limited; "Board" shall mean the Board of Directors of the Company; "letters patent" shall include supplementary letters patent; "The Corporations Act" shall mean The Corporations Act, R.S.O. 1960, Chapter 71, as amended from time to time or any Act that may hereafter be substituted therefor; and "The Interpretation Act" shall mean The Interpretation Act, R.S.O. 1960, Chapter 191 as amended from time to time or any Act that may hereafter be substituted therefor.

Offices

2. (a) **HEAD OFFICE**—The head office of the Company shall be in the Municipality of Metropolitan Toronto, in the County of York, in the Province of Ontario, and at such place therein as the Board may from time to time decide.

(b) **OTHER OFFICES**—Offices other than the head office may be maintained at such other places within or without the Province of Ontario as the Board may determine.

Seal

3. The seal of the Company shall be in the form impressed hereon.

Officers

4. **ELECTION OF PRESIDENT**—The Board shall elect from among its members a president. Unless otherwise ordered by the Board or by a court of competent jurisdiction, the last incumbent, if a member of the Board, shall continue to hold office until his successor is elected. A vacancy occurring from time to time in such office shall be filled forthwith by the Board from among its members.

5. **APPOINTMENT OF OTHER OFFICERS**—The Board shall appoint a secretary and may appoint one or more vice-presidents, a manager or general manager, a treasurer and such other officers as it may deem desirable including one or more assistants to any of the officers so appointed. The officers so appointed may but need not be members of the Board.

6. **TERM OF OFFICE, DUTIES, REMUNERATION, ETC.**—The term of employment, duties and remuneration of the officers and the security, if any, to be given by them to the Company shall be settled and determined from time to time by the Board, but in the absence of an agreement to the contrary, the employment of all officers shall be during the pleasure of the Board. One person may hold more than one office at one time. If more than one vice-president be appointed, the Board shall determine their respective seniorities. Any officer, employee or agent of the Company may be required to give such bond for the faithful performance of his duties as the Board, in its uncontrolled discretion may require, but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Company to receive any indemnity thereby provided.

7. **PRESIDENT**—Subject to the provisions relating to the duties of the president and the chairman of the Board, respectively, contained in any special resolution providing for the election of a chairman of the Board, the president when present shall preside at all meetings of the shareholders and of the Board and shall be fully empowered and authorized to exercise the general supervision of the business and affairs of the Company, subject only to the direction of the Board and he shall have such other powers and duties as the Board may, from time to time, determine. The president, with the secretary or an assistant secretary or such other officer as the Board may appoint, shall sign all by-laws. Except when the Board has appointed a manager or a general manager, the president shall also have the powers and be charged with the duties of that office.

8. VICE-PRESIDENT OR VICE-PRESIDENTS—During the absence or inability to act of the president, his powers and duties shall devolve upon the vice-president, provided he is a director, and if there be more than one in that category, such powers and duties shall devolve upon the senior one present and able to act. Such vice-president or vice-presidents, shall also perform such duties and exercise such powers as the Board may prescribe. Every act done by a vice-president in purported exercise of the powers and duties of the president, which if done by the president would bind the Company, shall bind the Company when so done by such vice-president, whose authority in such case shall not be impugned, and the absence or inability of the president with reference thereto shall be presumed.

9. MANAGER OR GENERAL MANAGER—The manager of the Company (herein referred to as the “manager”), or the general manager if one be appointed, shall have the active management and general supervision of the business and affairs of the Company and shall have all the general duties and powers usually vested in the manager of a corporation subject to the authority of the Board and the supervision of the president. He shall see that orders and resolutions of the Board are carried into effect. Employees of the Company shall be under his superintendence and direction and he shall see that their duties are properly performed. The Board shall have power, however, at any time and from time to time to divide the duties herein cast upon the manager or general manager with any other officer or officers of the Company and to define the specific duties to be performed by the manager or general manager and all other officers.

10. SECRETARY—The secretary shall:—

- (a) Attend at and keep the minutes of the meetings of the shareholders and of the Board in books provided for that purpose;
- (b) see that notices of such meetings are duly given in accordance with the provisions of the by-laws of the Company or as required by law; and
- (c) perform all duties incident to the office of secretary and such other duties as may be from time to time assigned to him by the Board or the president.

11. TREASURER—The treasurer shall, subject to the direction of the Board and the president, have general charge of the finances of the Company. He shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Board or the president. He shall cause books to be kept in which shall be entered the receipts and disbursements and assets and liabilities of the Company and shall, subject to the direction of the Board and the president, have charge and custody of and be responsible for all funds and securities and cause to be deposited all such funds and securities in the name of the Company in such depository or depositories as may be selected from time to time by the Board.

12. OTHER OFFICERS—The duties of all other officers of the Company shall be such as the terms of their engagement call for or as the Board shall determine save those of chairman of the Board, whose powers and duties shall be set out in any special resolution passed providing for his election.

13. VARIATION AND DELEGATION OF DUTIES—From time to time the Board may vary, add to or limit the powers and duties of any officer or officers. In case of the absence or inability to act of any officer of the Company (including the president or any vice-president or any other officer), the Board may, subject to the provisions of the by-laws of the Company, empower another officer or any director to temporarily exercise the powers and carry out the duties of the officer absent or unable to act.

14. AGENTS AND ATTORNEYS—The Board shall have power from time to time to appoint agents or attorneys for the Company in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

Contracts, Banking Arrangements, etc.

15. CONTRACTS—Contracts and engagements on behalf of the Company may be made and bills of exchange and promissory notes on behalf of the Company may be made, drawn, accepted and endorsed and deeds, transfers, mortgages, charges, hypothecs, leases, assignments and all other documents may be executed on behalf of the Company by the president or a vice-president who is also a director and the secretary or the treasurer or by any one of the aforesaid officers and a director or by any two directors, provided nevertheless that the Board may appoint any other person or persons, from time to time, to make contracts and engagements on behalf of the Company, to make, draw, accept and endorse bills of exchange and promissory notes on behalf of the Company and to execute deeds, transfers, mortgages, charges, hypothecs, leases, assignments and all other documents on behalf of the Company. The Company's seal may be affixed to such documents as require the same by any of the persons executing such documents in accordance with the foregoing provisions of this section.

16. **BANKING**—The Company's bank accounts shall be kept in such bank or banks, trust company or trust companies or other firms or corporations carrying on a banking business as the Board may from time to time determine. All cheques, drafts, notes, acceptances or orders for the payment of money shall be signed by the president or a vice-president who is also a director and the secretary or treasurer or by such other officer or officers or such other person or persons as the Board may from time to time appoint, provided that bills of exchange, promissory notes or cheques or orders for the payment of money may be endorsed for deposit to the credit of the Company with any banker of the Company by any one of the following, viz: president, a vice-president who is also a director, manager or general manager, secretary, treasurer or such other person or persons as the Board may from time to time appoint for that purpose, or if the Board so determine, by means of a rubber stamp. If authorized by resolution of the Board, the signature of any officer or other person authorized to sign cheques may be engraved, lithographed or otherwise mechanically reproduced in facsimile thereon, and in such event and subject to the terms and conditions set forth or provided for in such resolution having been complied with, such facsimile signature shall for all purposes be deemed to be the signature of the officer or person whose signature it reproduces and shall be binding upon the Company.

Shares

17. **PAYMENT OF COMMISSIONS**—The Board may pay commissions to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for shares in the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for such shares but no such commission shall exceed twenty-five percent of the amount of the subscription.

18. **ALLOTMENT**—The Board may from time to time allot the authorized and unissued shares of the Company, including any shares created by supplementary letters patent increasing or otherwise varying the capital of the Company, to such person or persons or class or classes of persons as the Board shall by resolution determine. The Board may also from time to time grant options to purchase any of such authorized and unissued shares to any person for such consideration and upon such terms as the Board may fix.

19. **CALLS**—The Board may from time to time by resolution call in and by notice thereof in writing in accordance with The Corporations Act, demand from the shareholders the whole or any part of the amount unpaid on shares held by them, at such times and places and in such payments or instalments as the Board thinks fit or the terms of allotment and issue of such shares require or allow.

If after demand made as aforesaid, any call or instalment thereof is not paid in accordance with the demand, the Board may forfeit any shares as provided in The Corporations Act.

20. **SHARE CERTIFICATES**—Share certificates shall be in such form or forms as the Board may from time to time approve. Unless otherwise ordered by the Board, they shall be signed by the president or a vice-president who is a director and by the secretary or an assistant secretary and need not be under the corporate seal; provided that certificates representing shares in respect of which a transfer agent has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent. If authorized by resolution of the Board, the signature of one of the signing officers, or in the case of share certificates representing shares in respect of which a transfer agent has been appointed, the signatures of both signing officers, may be printed, engraved, lithographed, or otherwise mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Company provided the share certificate is otherwise validly issued. Share certificates otherwise valid shall continue to be valid notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery thereof.

21. **REFUSAL TO REGISTER TRANSFER**—Except where the shares are listed on a recognized stock exchange, the Board may refuse to permit the registration of a transfer of fully paid shares of the Company registered in the name of a shareholder who is indebted to the Company.

22. **TRANSFER AGENT AND REGISTRAR**—The Board may from time to time by resolution appoint (or remove) a transfer agent or a registrar (who may, but need not be the same individual or company) and one or more branch transfer agents or registrars (who may, but need not be the same individual or company), for the shares of the Company and may provide for the transfer of shares in one or more places and may provide that shares will be interchangeably transferable or otherwise.

23. **REPLACEMENT OF SHARE CERTIFICATES**—The Board may by resolution prescribe, either generally or in any particular case, the terms and conditions upon which a new share certificate may be issued in lieu of and upon cancellation of a share certificate which has become mutilated or in substitution for a share certificate which has been lost, stolen or destroyed, and in any such case the Board may require the applicant to provide such indemnification of the Company and its stock transfer agents and registrars as the Board may deem fit.

24. **TRANSFER OF SHARES**—Shares of the Company shall be transferable only on the register of transfers or on one of the branch registers of transfers (if any) kept by or for the Company in respect thereof, by the registered holder of such shares in person or by his attorney duly appointed in writing or lawful successor, upon surrender and cancellation of the certificate representing such shares properly endorsed or accompanied by a properly executed instrument of transfer, subject to the provisions of The Corporations Act, and in form and substance satisfactory to the Company and with evidence of the legal sufficiency thereof satisfactory to the Company and/or counsel of the Company.

25. **CLOSING REGISTER**—The Board may by resolution close the register of transfers and the branch register or registers of transfers, if any, for a period of time not exceeding forty-eight hours, exclusive of Saturdays and holidays (as defined by The Interpretation Act), immediately preceding any meeting of the shareholders, and notice of every such closing shall be given as required by The Corporations Act.

26. **RECORD DATE**—The Board may fix in advance a date preceding by not more than thirty-one days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for shares or securities of the Company, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such shares or securities, as the case may be, and in every such case only such persons as shall be shareholders of record at the close of business on the date so fixed shall be entitled to receive payment of such dividend or to exercise the right to subscribe for such shares or securities and to receive the warrant or other evidence in respect of such right, as the case may be.

Directors

27. **QUALIFICATIONS**—Each director shall be twenty-one or more years of age, and within ten days after his election and throughout the remainder of his term of office shall be the holder of at least one share in the Company and not in arrear in respect of any call.

28. **POWERS, NUMBER OF DIRECTORS AND QUORUM**—The affairs of the Company shall be managed by its Board of directors. Until changed by special resolution or supplementary letters patent the number of the directors of the Company shall be ten of whom four shall constitute a quorum for the transaction of business at any meeting of directors. Notwithstanding vacancies, the remaining directors may exercise all the powers of the Board so long as a quorum of the Board remains in office.

29. **ELECTION AND TERM**—The election of directors shall take place yearly and all the directors then in office shall retire, but if qualified, are eligible for re-election. If an election of directors is not held at the proper time, the directors shall continue in office until their successors are elected. The election may be by a resolution of the shareholders passed on a show of hands unless a ballot be demanded by any shareholder.

30. **VACANCIES**—The Board may by resolution elect any qualified shareholder of the Company to any casual vacancy on the Board caused by death, retirement, disqualification or otherwise, or to fill any vacancy or vacancies created by an increase in the number of directors, without holding an election by ballot. A director so elected to fill a casual vacancy shall hold office for the balance of the unexpired term of his predecessor, or in the case of an increase in the number of directors on the Board, for the remainder of the term of office of the Board.

31. **MEETINGS OF DIRECTORS**—Meetings of the directors may be held at the head office of the Company or elsewhere within or without the Province of Ontario from time to time. Directors' meetings may be called by the president or a vice-president who is a director or by any two directors, and the secretary shall call meetings when directed or authorized by the president or by a vice-president who is a director or by any two directors. Notice of any such meeting shall be given to each of the directors not less than forty-eight hours, exclusive of Saturdays and holidays (as defined in The Interpretation Act), before the meeting is to take place; provided that no notice shall be required to be given of any meeting of directors held for the sole purpose of organization and the election and appointment of officers immediately following any annual meeting and no notice of a meeting shall be necessary if all the directors are present or if those absent waive notice thereof or give their consent in writing to such meeting being held.

32. **VOTES TO GOVERN**—At all meetings of the Board every question shall be decided by a majority of the votes cast on the question; and in case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote in addition to his original vote.

33. REMUNERATION OF DIRECTORS—The Board is hereby authorized to fix from time to time by resolution the remuneration of the directors as directors of the Company and of the president as president of the Company and to allow and pay out of the funds of the Company, from time to time, to the president and other directors such amounts as the Board may deem proper for fees, salary, commission or other remuneration for services performed or to be performed or both, and for expenses incurred or to be incurred or both in connection with the Company's affairs. Any remuneration so payable to a director who is also an officer or employee of the Company or who serves it in any professional capacity, shall unless the Board otherwise directs, be in addition to his salary as such officer or employee or to his professional fees, as the case may be. The directors shall also be paid their reasonable out-of-pocket expenses incurred in attending Board, executive committee or shareholders' meetings or otherwise in respect to the performance by them of their duties, unless the Board otherwise directs.

34. PROTECTION OF DIRECTORS AND OFFICERS—No director or officer for the time being of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipts or other acts for conformity, or for any loss, damage or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Company shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto, unless the same shall happen by or through his own wilful neglect, or wilful default or dishonesty.

35. INDEMNITY OF DIRECTORS AND OFFICERS—Every director or officer of the Company and his heirs, executors and administrators, and estate and effects, respectively, shall, from time to time and at all times, be indemnified and saved harmless out of the funds of the Company, from and against:—

- (i) all costs, charges and expenses whatsoever which such director or officer sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him, in or about the execution of the duties of his office (or alleged so to be); and
- (ii) all other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default.

36. INTEREST OF DIRECTORS IN CONTRACTS—No director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any contract or arrangement entered into by or on behalf of the Company with any director or in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of such director holding that office or of any fiduciary relationship thereby established but every director of the Company who is in any way directly or indirectly interested in a proposed contract or a contract with the Company shall declare his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, or, if the director is not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he becomes so interested, and in a case where the director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the directors held after the director becomes so interested, and no director shall, as a director vote in respect of any contract or arrangement in which he is so interested as aforesaid; and if he do so vote, his vote shall not be counted; however, a director shall not be accountable to the Company or to any of its shareholders or creditors for any profit realized from such contract and such contract is not by reason only of the interest of the director therein voidable if such contract is confirmed by a majority of the votes cast at a general meeting of the shareholders duly called for that purpose and if the interest of such director in such contract is declared in the notice calling such meeting.

37. LOANS TO EMPLOYEES—The Board may from time to time:

- (a) make loans to bona fide full-time employees of the Company whether or not they are shareholders or directors, with a view to enabling them to purchase or erect dwelling houses for their own occupation, and may take from such employees mortgages or other securities for the repayment of such loans; or
- (b) provide, in accordance with a scheme for the time being in force, money by way of loan for the purchase by trustees of fully paid shares of the Company, to be held by or for the benefit of bona fide employees of the Company, whether or not they are shareholders or directors; or

- (c) make loans to bona fide employees of the Company, other than directors, whether or not they are shareholders, with a view to enabling them to purchase fully paid shares of the Company to be held by them by way of beneficial ownership.

Meetings of Shareholders

38. **ANNUAL MEETING**—The annual meeting of the shareholders shall be held at the head office of the Company or elsewhere within the Province of Ontario at such time and on such day in each year as the Board may from time to time determine, for the purpose of hearing and receiving the reports and statements required by The Corporations Act to be read at and laid before the Company at an annual meeting, electing directors, appointing the auditors and fixing or authorizing the Board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

39. **GENERAL MEETING**—The Board on its own motion may at any time call a general meeting of the shareholders of the Company for the transaction of any business. General meetings of the Company shall be held at such place within the Province of Ontario, at such time and on such day as the Board may determine. Notice calling a general meeting shall specify the general nature of the business to be presented at such meeting and give such further information as may in the circumstances appear to the Board requisite.

40. **NOTICES**—No public notice or advertisement of any annual meeting or of any general meeting of shareholders of the Company shall be required, but notice of the time and place of each such meeting shall be given in the manner hereinafter in this by-law provided, not less than ten days before the day on which the meeting is to be held, to the auditor of the Company and to each shareholder of record at the close of business on the day on which the notice is given who is entered on the books of the Company as owner of one or more shares carrying the right to vote at the meeting. Notices may be signed by the president, a vice-president who is a director, the secretary or an assistant secretary, or such other person as the Board may from time to time appoint for that purpose; provided always that meetings of the shareholders of the Company may be held at any time and at any place authorized by this by-law without notice if all the shareholders of the Company entitled to vote thereat are present in person or represented thereat by proxy duly appointed, or if those not so present or represented by proxy waive notice of such meeting, and if the auditor is present or waives notice of such meeting, and at any such meeting any business may be transacted which the Company at annual or general meetings may transact.

41. **ADJOURNED MEETINGS**—The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may prescribe, adjourn the meeting from time to time and from place to place. Whenever any meeting of shareholders, is lawfully adjourned, any business which might have been transacted at the original meeting may without further or other notice be transacted at any such adjourned meeting, and at the adjourned meeting the same powers may be exercised as at the original meeting.

42. **QUORUM**—Three persons present in person and each entitled to vote thereat shall constitute a quorum for the transaction of business at any meeting of shareholders.

43. **RIGHT TO VOTE**—At every meeting of shareholders every shareholder who is entered in the books of the Company as the holder of one or more shares carrying the right to vote at such meeting shall have the right to attend such meeting in person or to be represented thereat by a proxy who may vote on his behalf but no shareholder in arrear in respect of any call shall be entitled to vote in person or by a proxy at any meeting of the shareholders of the Company. An executor, administrator, committee of a mentally incompetent person, guardian or trustee and, where a corporation is such executor, administrator, committee, guardian or trustee of a testator, intestate, mentally incompetent person, ward or cestui que trust, any person duly appointed a proxy for such corporation, upon filing with the secretary of the meeting sufficient proof of his appointment, shall represent the shares in his or its hands at all meetings of the shareholders of the Company and may vote accordingly as a shareholder in the same manner and to the same extent as the shareholder of record. If there be more than one executor, administrator, committee, guardian or trustee, the provisions of article 49 of this By-Law Number 1 shall apply.

44. **PROXIES**—Every shareholder, including a corporate shareholder, entitled to vote at meetings of shareholders, may by instrument in writing, appoint a proxy, who need not be a shareholder, to attend and act at the meeting in the same manner, to the same extent, and with the same power, as if the shareholder were present in person at the meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney, authorized in writing, or if the appointor is a corporation, under the corporate seal or under the hand of an officer or attorney so authorized, and shall cease to be valid after the expiration of one year from the date thereof. The instrument appointing a proxy shall contain the date thereof and may be in such form as the directors may from time to time prescribe, or if not so prescribed,

in such other form as the chairman of the meeting may accept as sufficient. The Board may by resolution fix a time not exceeding forty-eight hours excluding Saturdays and holidays (as defined in The Interpretation Act) preceding any meeting of the shareholders of the Company before which time instruments appointing proxies to be used at that meeting must be deposited with the Company, and any period of time so fixed shall be specified in the notice calling the meeting.

45. **PERSONS ENTITLED TO BE PRESENT**—The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, and the auditor of the Company and such others who although not entitled to vote thereat, are entitled or required under the provisions of The Corporations Act or the by-laws of the Company to be present at the meeting. Any other person may be admitted to a meeting of shareholders only on the invitation of the chairman of the meeting or with the consent of the meeting.

46. **REPORTS TO SHAREHOLDERS**—Ten days or more before the date of the annual meeting of shareholders, a copy of the financial statement and a copy of the auditor's report shall be sent by prepaid mail to each shareholder at his last address as shown on the books of the Company.

47. **SCRUTINEERS**—At each meeting of shareholders one or more scrutineers may be appointed by the chairman to serve at the meeting. Such scrutineers need not be shareholders of the Company.

48. **VOTES TO GOVERN**—At all meetings of shareholders every question shall, unless otherwise required by the letters patent or by-laws of the Company or by law, be decided by the majority of the votes duly cast on the question.

49. **VOTING BY JOINT SHAREHOLDERS**—If shares are held jointly by two or more persons, any one of them present at a meeting of the shareholders of the Company, may, in the absence of the other or others, vote thereon, but, if more than one of them is present or represented by proxy, they shall vote together on the shares jointly held.

50. **SHOW OF HANDS**—At all meetings of shareholders every question shall be decided by a show of hands unless a poll thereon be required by the chairman or be demanded by any shareholder entitled to vote who is present in person or by his proxy if so represented. Upon a show of hands every shareholder entitled to vote who is present in person or his proxy if so represented shall have one vote. After a show of hands has been taken upon any question the chairman may still require or any shareholder entitled to vote who is present in person or his proxy if so represented may still demand a poll thereon. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon be so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the proceedings at the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceedings in respect of the said question, and the result of the vote so taken shall be the decision of the Company in annual or general meeting, as the case may be, upon the question. A demand for a poll may be withdrawn at any time prior to the taking of the poll.

51. **POLLS**—If a poll be required by the chairman of the meeting or be demanded by any shareholder who is present in person or by his proxy if so represented and if the demand be not withdrawn, a poll upon the question shall be taken in such manner as the chairman of the meeting shall direct. Upon a poll each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the poll shall be the decision of the Company in annual or general meeting, as the case may be, upon the question.

52. **CASTING VOTE**—In case of an equality of votes at any meeting of shareholders either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Fiscal Year

53. The fiscal year of the Company shall terminate on the 31st day of December in each year.

Dividends

54. Dividends may be declared by the Board and paid by the Company on the issued shares of the Company, from time to time, when in the judgment of the directors the profits of the Company warrant such payment, provided that no dividend shall bear interest as against the Company. The declaration of the Board as to the amount of net profits of the Company shall be conclusive in the absence of fraud on its part, and no director shall be bound to enquire into the accuracy of any statement of profit and loss certified to be correct by the auditor of the Company. The amount of any cash dividend shall be paid by warrant or cheque on the Company's bankers payable to the order of the person or persons entitled thereto and sent through the ordinary post, postage prepaid, addressed to such person or persons at his or her address as the same appears

in the books of the Company. Every such cheque or warrant shall be mailed at the risk of the payee or payees concerned and payment of the cheque or warrant purporting to be endorsed by the person or persons to whose order it is payable shall be a satisfaction of the dividend in respect of which such cheque or warrant was issued and of all liability of the Company in respect thereof, whether or not the endorsement was authentic. If any cheque or warrant for a dividend shall not be received by the person to whom it is sent as aforesaid or is defaced, lost or destroyed, a replacement cheque for a like amount may be issued by the Company on such terms as to evidence of such non-receipt, defacement, loss or destruction and as to indemnity as the Board may impose.

55. **JOINT SHAREHOLDERS**—If two or more persons are registered as joint holders of any share of the Company any one of such persons may give effectual receipts for the certificate issued in respect thereof and for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share, but all the joint holders of a share of the Company shall be severally as well as jointly liable for the payment of all calls and demands payable in respect thereof.

Reserve Funds

56. The Board may in its discretion from time to time set aside such sums as it deems fit as a reserve fund or as reserve funds, to meet contingencies, for equalizing dividends, or special dividends, for repairing, improving and maintaining any of the property of the Company, replacing wasting assets or forming an insurance fund and for any other purpose or purposes which the Board shall in its absolute discretion think conducive to the interests of the Company, and may invest the several sums so set aside in such investments as it may think fit, and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide any reserve fund into such special funds as it may think fit, with full power to employ the assets constituting the reserve funds in the business of the Company without being bound to keep the same separate from other assets. The Board may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which it shall not think fit to divide or to place to reserve and the Board may from time to time in its discretion increase, reduce or abolish any reserve fund in whole or in part and may transfer the whole or any part of any reserve fund to surplus.

Information to Shareholders

57. No shareholder shall be entitled to require discovery of any information respecting any details or the conduct of the Company's business which in the opinion of the Board it would be inexpedient or contrary to the interests of the Company and/or its shareholders to publish. Subject to the provisions of any applicable statutes, the Board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts or books of the Company or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Company except as conferred by statute or authorized by the Board or by a resolution of the shareholders in general meeting.

Giving of Notice

58. Any notice, communication or other document to be given by the Company to a shareholder, director or officer, or to the auditor of the Company, shall, save as otherwise provided in this by-law, be sufficiently given if delivered personally to the person to whom it is to be given, or if delivered to his last address as recorded in the books of the Company, or if mailed by prepaid post addressed to him at his last address as shown on the books of the Company or if sent by any means of wire or wireless or any other form of transmitted or recorded communication, addressed to him at such last address. A notice, communication or document so delivered shall be deemed to have been given when it is delivered personally or at the address aforesaid; and a notice, communication or document so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication company or agency or its representative for despatch. The accidental omission to give notice to any shareholder, director or officer or to the auditor, or the non-receipt by any shareholder, director or officer, or the auditor, of any such notice or any error in a notice not affecting the substance thereof, shall not invalidate such notice or any meeting called by such notice or any action taken by any such meeting or otherwise founded thereon. All notices with respect to any shares registered in more than one name may, if more than one address appears on the books of the Company in respect of such joint holding, be given to such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to all the holders of such shares.

Waiver of Notice

59. Any shareholder (or his duly appointed proxy), or director or officer, or the auditor, may waive any notice required to be given under any provision of the letters patent or by-laws of the Company or of The Corporations Act, and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice.

Appointments of Proxies for Meetings of Other Companies, etc.

60. The president, any vice-president who is a director, the manager or general manager, the secretary or the treasurer, or any person appointed in writing for that purpose by any two of the aforementioned officers is hereby authorized and empowered to act as proxy for the Company at any meeting or meetings, whether annual or general, of shareholders or members of any company or corporation of which the Company is or may hereafter be at any time a shareholder or member, and at any meeting or meetings of any syndicate or unincorporated association of which the Company is or may hereafter become a member, and at any such meeting such proxy shall represent and vote upon and in respect of all shares of the capital stock of such other company or corporation or units or shares or interest of any kind in any syndicate or unincorporated association recorded in the name of the Company and any two of the aforementioned officers are hereby authorized to execute and affix the seal of the Company to any instrument or instruments appointing a proxy or proxies to represent the Company at any such meeting or meetings; and the production of an instrument of proxy so executed shall be conclusive evidence that the proxy has been regularly appointed.

Appointment of Proxies for Meetings of Bondholders, etc.

61. The president, any vice-president who is a director, the manager or general manager, the secretary or the treasurer, or any person appointed in writing for that purpose by any two of the aforementioned officers is hereby authorized and empowered to act as proxy and attorney for the Company at any meeting or meetings whether ordinary or extraordinary of holders of bonds, debentures, notes or other securities issued by any other company or corporation and at any such meeting such proxy shall represent and vote upon and in respect of all bonds, debentures, notes or other securities issued by such other company or corporation held by the Company, and any two of the aforementioned officers are hereby authorized to execute and affix the seal of the Company to any instrument or instruments appointing a proxy or proxies to represent the Company at any such meeting or meetings and the production of an instrument of proxy so executed shall be conclusive evidence that the proxy has been regularly appointed.

Signing of Bonds, Debentures and Debenture Stock, etc., and Guarantees

62. The Board shall have power from time to time by resolution to provide that the signature or signatures of the officer or officers designated to sign bonds, debentures, debenture stock or interest coupons or other coupons of the Company, or guarantees to be endorsed by the Company on any bonds, debentures, or debenture stock of any other company or corporation may be engraved, lithographed or otherwise mechanically reproduced and in such event, subject to the provisions of any such resolution, any and all such bonds, debentures, debenture stock, interest coupons and other coupons and guarantees of the Company so signed shall be deemed to have been manually signed by such officer or officers and shall be as valid to all intents and purposes as if they had been manually signed and this notwithstanding that any person whose signature is so reproduced thereon has ceased to be the officer so designated prior to the certification or delivery of any such bonds, debentures or debenture stock or prior to the issue and delivery of any such interest coupons or other coupons of the Company, or prior to the certification or delivery of the bonds, debentures, or debenture stock for which the guarantee was given.

Taking of Mortgages, etc.

63. The president, any vice-president who is a director, the manager or general manager, the secretary or the treasurer, or any other person appointed by resolution of the Board for that purpose is hereby authorized to take or accept for and on behalf of the Company from any person, firm or corporation, any mortgage, charge, or hypothec or bill of sale or assignment to or in favour of the Company, and to appear before a Notary of the Province of Quebec and execute on behalf of the Company any such hypothec relating to immoveables in the Province of Quebec and to file or register the same or cause the same to be filed or registered, and to make all proper affidavits, declarations or statements pertaining thereto.

Taking of Bills of Sale, Chattel Mortgages, etc.

64. The president, any vice-president who is a director, the manager or general manager, the secretary or the treasurer, or any other person appointed by resolution of the Board for that purpose is hereby authorized to take or accept for and on behalf of the Company, from any person, firm or corporation, any chattel mortgage, agreement to give a chattel mortgage, bill of sale or assignment to or in favour of the Company, of any personal property or any mortgage thereon and to file or register the same or cause the same to be filed or registered and to sign and make all affidavits of bona fides required by any statute and all other proper affidavits, declarations or statements and to do all things necessary or expedient to effect such filings or registrations and from time to time to renew such filings or registrations and to do or cause to be done anything necessary or which any of them may deem necessary or expedient to maintain in effect, on foot or in force any mortgage or assignment of any personal property heretofore or hereafter made or executed in favour of or assigned to the Company, and for such purpose to sign and make all affidavits, declarations and statements (renewal or otherwise) which are or shall be required by law or which any of them may deem necessary or expedient as to the interest of the Company in any property or as to the amount due or the payment made on such mortgage or security or the good faith and absence from fraud in relation to the same or any further or other particulars or matters relating thereto.

Voting at Municipal Elections

65. The president, any vice-president who is a director, the manager or general manager, the secretary or the treasurer, or any other person appointed by resolution of the Board for that purpose is hereby authorized to vote for and on behalf of the Company in any municipal election held in any municipality in Canada in which the Company is entitled to vote.

KERR ADDISON MINES LIMITED BY-LAW NUMBER 2

A By-law respecting the borrowing of money and the issue of securities.

The Board may from time to time:

- (a) Borrow money on the credit of the Company in such amounts and upon such terms as may be deemed necessary;
- (b) Limit or increase the amount to be borrowed;
- (c) Issue bonds, debentures, debenture stock, both perpetual and terminable, or other securities of the Company;
- (d) Pledge or sell such bonds, debentures or debenture stock or other securities for such sums and at such prices as may by the Board be deemed expedient or necessary;
- (e) Charge, mortgage, hypothecate, pledge, cede, or transfer all or any of the real and/or personal property (both present and future) of the Company, including book debts and unpaid calls, rights, powers, franchises and undertaking, to secure any such bonds, debentures, debenture stock or other securities or any money borrowed, or other debts, or any other obligation or liability of the Company, and any instrument of charge, mortgage, hypothecation, pledge, cession or transfer may contain such covenants, powers, provisos and agreements as the Board may think expedient or necessary;
- (f) Authorize any officer or director as may be designated by the Board to do all things necessary or which appear requisite for carrying out any transaction respecting the borrowing of money and the issue of securities which the Board may authorize or direct.

KERR ADDISON MINES LIMITED BY-LAW NUMBER 3

A By-law to authorize the Board to acquire, hold, sell, and deal with investments.

The Board be and it is hereby expressly authorized from time to time and whenever it sees fit to purchase or otherwise acquire, underwrite, obtain an interest in, hold, pledge or mortgage, sell, exchange or otherwise dispose of and generally deal and invest in shares of stock, bonds, debentures, debenture stock, notes, sub-

scription warrants, voting trust certificates, evidences of indebtedness, certificates of interest, or other obligations and securities of any nature however evidenced whether of domestic or foreign governments, municipalities, or other bodies politic, or of domestic or foreign corporations, associations, firms, trustees, depositories, syndicates or individuals; and, while the Company is the owner or holder thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

KERR ADDISON MINES LIMITED BY-LAW NUMBER 4

A By-law to authorize the Board to acquire, hold and deal with certain real or personal property and to pay for same in whole or in part with shares of the Company.

The Board be and it is hereby expressly authorized from time to time and whenever it sees fit:

- (a) To acquire or undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business that the Company is authorized to carry on or possessed of property suitable for the purposes of the Company;
- (b) To purchase, take on lease or in exchange, hire or otherwise acquire, and to sell, lease or otherwise dispose of any personal property and any rights or privileges that the Board may think necessary or convenient for the purposes of the business of the Company and in particular any machinery, plant and stock-in-trade;
- (c) To acquire by purchase, lease or otherwise and to hold any real estate or interest therein necessary or suitable for the actual use and occupation of the Company or for carrying on the Company's undertaking and, when no longer required, to sell, exchange, alienate and convey the same;
- (d) To acquire by purchase, lease or otherwise and to hold mining claims and rights, and to sell, exchange or otherwise dispose of the same;
- (e) To take or give options for the purchase of any of the property mentioned in any of the preceding clauses of this by-law;
- (f) To pay for any property acquired or taken over or purchased under the provisions of this by-law, wholly or partly in shares of the Company fully or partly paid up.

KERR ADDISON MINES LIMITED BY-LAW NUMBER 5

A By-law to authorize the Company to pay dividends out of its funds derived from the operations of the Company.

The Company, being a mining company, is hereby authorized and empowered to declare and pay from time to time dividends out of its funds derived from the operations of the Company, notwithstanding that the value of the net assets of the Company may be thereby reduced to less than the issued capital of the Company if the payment of the dividends does not reduce the value of its remaining assets to an amount insufficient to meet all the liabilities of the Company exclusive of its issued capital.

KERR ADDISON MINES LIMITED BY-LAW NUMBER 6

A By-law to authorize an executive committee.

1. The number of directors on the board of directors of the Company being more than six, the directors of the Company be and they are hereby authorized to elect from among their number an executive committee consisting of not fewer than three and to delegate to the executive committee any powers of the board of directors, subject to the restrictions, if any, imposed from time to time by the directors.
2. Meetings of the executive committee may be held at the head office of the Company or elsewhere within or without the Province of Ontario from time to time.

EXHIBIT C
PROSPECTORS AIRWAYS SALE AGREEMENT

THIS AGREEMENT made this day of November, 1963,
BETWEEN :

KERR-ADDISON GOLD MINES LIMITED,
a company incorporated under the laws of the
Province of Ontario,
hereinafter called "Kerr-Addison",

OF THE FIRST PART,

ANGLO-HURONIAN, LIMITED,
a company incorporated under the
laws of the Province of Ontario,
hereinafter called "Anglo-Huronian",

OF THE SECOND PART,

BOUZAN MINES LIMITED,
a company incorporated under the
laws of the Province of Ontario,
hereinafter called "Bouzan",

OF THE THIRD PART,

—and—

PROSPECTORS AIRWAYS COMPANY, LIMITED,
a company incorporated under the
Companies Act of Canada,
hereinafter called "Prospectors Airways",

OF THE FOURTH PART.

WITNESSETH that the parties hereto agree that upon and subject to the issue of Letters Patent of Amalgamation confirming the Amalgamation Agreement made as of the 10th day of October, 1963 between Kerr-Addison, Anglo-Huronian and Bouzan and amalgamating the said companies, then Prospectors Airways and the company continuing from the said amalgamation shall enter into an indenture substantially in the form attached hereto as Schedule A.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

KERR-ADDISON GOLD MINES LIMITED

By.....
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ANGLO-HURONIAN, LIMITED

By.....
.....

BOUZAN MINES LIMITED

By.....
.....

PROSPECTORS AIRWAYS COMPANY, LIMITED

By.....
.....

and **MINING RIGHTS INDENTURE**

, 1963,

BETWEEN:

PROSPECTORS AIRWAYS COMPANY, LIMITED,

hereinafter called "Prospectors Airways",

OF THE FIRST PART,

—and—

KERR ADDISON MINES LIMITED,

hereinafter called "Kerr Addison",

OF THE SECOND PART.

WHEREAS Prospectors Airways is a company duly incorporated under the laws of Canada, having its head office at the City of Toronto, in the Province of Ontario;

AND WHEREAS the authorized capital stock of Prospectors Airways consists of 5,000,000 shares without nominal or par value of which 3,420,000 shares have been issued and are now outstanding as fully paid and non-assessable shares;

AND WHEREAS Kerr Addison is the company continuing from the amalgamation under the laws of the Province of Ontario of Kerr-Addison Gold Mines Limited, Anglo-Huronian, Limited and Bouzan Mines Limited, having its head office at the said City of Toronto;

AND WHEREAS the authorized capital of Kerr Addison consists of 10,000,000 shares without par value of which 6,828,702 shares have been issued and are now outstanding as fully paid and non-assessable shares;

AND WHEREAS Kerr Addison owns 1,568,000 shares in the capital stock of Prospectors Airways;

AND WHEREAS each party has made full disclosure to the other of all its known assets and liabilities;

NOW THEREFORE THIS INDENTURE WITNESSETH:

1. For the consideration hereinafter mentioned Prospectors Airways hereby sells, assigns, conveys, transfers and sets over unto Kerr Addison all the undertaking, property and assets of Prospectors Airways of whatsoever nature and kind and wheresoever situate.
2. Prospectors Airways hereby agrees that it will, at any time and from time to time up to the time of the surrender of its charter, at the request of Kerr Addison execute and deliver or cause to be executed and delivered to Kerr Addison all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required to implement the full intent and meaning of this Indenture.
3. The consideration for the said sale is as follows:
 - (a) The allotment and issue by Kerr Addison to Prospectors Airways of 185,200 fully paid and non-assessable shares without par value in the capital of Kerr Addison (being that number of shares which is equal in number to one-tenth of the number of shares in the capital stock of Prospectors Airways now issued and outstanding other than the 1,568,000 shares in the capital stock of Prospectors Airways now owned by Kerr Addison), receipt of certificates for said shares being hereby acknowledged by Prospectors Airways; and
 - (b) The undertakings of Kerr Addison referred to in paragraph 5 hereof.

4. The said consideration for the sale hereunder is allocated as follows:
- (a) The consideration for the sale of the mining rights and licences of occupation which were acquired by Prospectors Airways from Kerr-Addison Gold Mines Limited by Indenture dated November , 1963 is the assumption by Kerr Addison of the liability of Prospectors Airways for payment of the promissory note in the principal amount of \$1,245,992 given by Prospectors Airways to Kerr-Addison Gold Mines Limited in satisfaction of the price payable by Prospectors Airways for the said mining rights and licences of occupation;
 - (b) The balance of the said consideration for the sale hereunder is allocated to the other property and assets of Prospectors Airways.
5. (a) Kerr Addison has delivered to Prospectors Airways concurrently herewith the written undertaking of Kerr Addison to allot and issue to Prospectors Airways on the demand of Prospectors Airways 156,800 fully paid and non-assessable shares without par value in the capital of Kerr Addison (being that number of shares which is equal in number to one-tenth of the aforesaid 1,568,000 shares in the capital stock of Prospectors Airways now owned by Kerr Addison).
- (b) Kerr Addison has delivered to Prospectors Airways concurrently herewith the written undertaking of Kerr Addison to assume and fully discharge and to indemnify and save Prospectors Airways harmless from all debts, obligations and liabilities (absolute or contingent) of Prospectors Airways existing at the present time or arising out of any thing done or omitted to be done by Prospectors Airways up to the present time or arising by reason of the said sale under paragraph 1 hereof.
6. It is understood that Prospectors Airways has paid over to Chartered Trust Company, as trustee, the sum of \$75,000 to be held by it in trust (i) to pay the expenses incurred and to be incurred by Prospectors Airways in connection with the sale hereunder and the distribution of its assets among its shareholders and the surrender of its charter, including legal and accounting fees and other expenses in connection with preparation and printing of this Indenture and all materials sent to its shareholders and including stock transfer taxes payable in connection with distribution of its assets among its shareholders, payment of such expenses to be made by the trustee from time to time as same are certified to the trustee by Prospectors Airways or Kerr Addison, and (ii) to pay to Kerr Addison the balance, if any, of said sum remaining after payment of such expenses.
7. Prospectors Airways agrees that as soon as practicable it will distribute its assets among its shareholders and after the making of such distribution surrender its charter. On such distribution no shares of Kerr Addison will be distributed to Kerr Addison but its undertaking referred to in paragraph 5(a) hereof will be surrendered to Kerr Addison for cancellation so that the total number of shares of Kerr Addison to be allotted and issued to Prospectors Airways will be the 185,200 shares referred to in paragraph 3(a) hereof. Kerr Addison agrees that it will not acquire or dispose of any shares of Prospectors Airways pending the making of such distribution.
8. Prospectors Airways agrees that prior to the surrender of its charter it will give its written consent to the incorporation by Kerr Addison of a new company under the laws of such jurisdiction as Kerr Addison may see fit with the name "Prospectors Airways Company, Limited" or any like or similar name.

IN WITNESS WHEREOF the parties hereto have executed this Indenture.

PROSPECTORS AIRWAYS COMPANY, LIMITED

By.....
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KERR ADDISON MINES LIMITED

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